

**inside...** *The Pundit Looks At Wal-Mart • Central American Produce • IMPORTED SWEET ONIONS • Winter Merchandising*  
Post PMA Convention Report • PMA IMPACT AWARD • Bananas • Backyard Farms • Dried Fruits & Nuts • Bulbs

# producebusiness

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Retailers move toward  
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# PRODUCE QUIZ



## THIS MONTH'S WINNER:

### Steven Holly

Vice President & Director  
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Voita West  
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Steven Holly, vice president and director of international business for Voita West, a San Luis Obispo, CA-based importer/exporter specializing in citrus, grapes and cherries, loves the produce industry's fast-paced environment. "I also like the people, particularly those who are business-minded," says Steven, who has worked for Voita for 10 years, eight in his current position.

During his 15 years in the produce industry, Steven has learned that determination, drive and attention to detail are paramount to being successful.

A PRODUCE BUSINESS reader for 10 years, he most enjoys the variety of articles, particularly stories covering topics and categories he doesn't deal with much. "It gives a good viewpoint of the industry, and I like reading about areas we may be thinking about but are not directly involved with."

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# WASHINGTON GRAPEVINE

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SUBMITTED BY TOM STENZEL, PRESIDENT • UNITED FRESH PRODUCE ASSOCIATION



## Country-Of-Origin Labeling

**A**s the U.S. Congress works to complete the 2007 Farm Bill, one small provision may mark the end of a controversy that's divided much of the produce industry during the past five years. Mandatory country-of-origin labeling for produce sold in U.S. retail stores may become a reality.

This summer, produce, retail, meat and consumer groups agreed on a series of compromises to amend the country-of-origin labeling law passed under the last Farm Bill in 2002. The House passed a bill in July with those changes, and it now appears likely the Senate will support the same measures.

For those who may not have followed the details of this issue closely, the story behind country-of-origin labeling, also known as COOL, is a lesson in how reasonable policy can eventually emerge from a labyrinth of conflicting goals and interests.

In 2002, the debate over labeling fresh produce at the retail level with its country of origin had already been going on for decades. Some U.S. grower groups argued for years that labeling should be mandatory, while retail organizations argued the marketplace would determine if there were value and lead producers to label their products "Grown in the USA." In the waning moments of the 2002 Farm Bill, Midwest senators, representing major cattle producing states, inserted a mandatory COOL provision covering meat, seafood and produce under the same terms.

Shouts of victory or cries of defeat soon gave way to deep concern from almost all sectors that the law had not been adequately debated or analyzed for its actual impact on business. What might work for meat surely was not the solution for produce; seafood was another thing altogether.

With the law due to go into effect in 2004, the U.S. Department of Agriculture's proposed regulations to implement COOL carried an estimated price tag of more than \$1 billion in first-year costs to the produce supply chain alone, with lesser, but ongoing costs in perpetuity. The best of intentions

could not salvage a poorly written law. The United Fresh Produce Association's board of directors stepped into the controversy, working with congressional allies to delay the law before it went into effect and work

**The story behind...  
COOL is a lesson  
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conflicting goals  
and interests.**

to develop a better solution. While controversy flared, a first delay was secured, pushing the enforcement date back to 2006; Congress passed another delay until 2008.

A permanent solution to the COOL debate was still necessary. The produce and retail industries came together to seriously work toward compromise — COOL would likely become the law someday, and we had better try to fix the problems inherent in the 2002 law before its onerous regulations and costs were imposed.

After numerous meetings, debates, calls and cajoling, we arrived at a compromise supported by produce and retail stakeholders to require labeling for more than 90 percent of produce at retail. When fears of Chinese imports took center stage earlier this year, we had to forge another compromise, agreeing to 100 percent labeling — but without penalties for inevitable minor, everyday mistakes. The produce industry did not get everything we wanted, but we did reach what we hope will be a permanent solution.

If the 2007 Farm Bill passes with the new COOL provisions, mandatory COOL will be enforced once and for all but without exorbi-

tant fines and penalties for mistakes, burdensome record-keeping requirements and inspectors seeking to verify label claims that spawn retail audits to make sure suppliers are telling the truth about country of origin.

The new law will also include one of our most important priorities — the ability for state designations, such as *New Jersey Fresh*, *Idaho Potatoes* or *California Grown*. No longer would the industry need to label produce "Grown in Florida, Product of USA," as if consumers needed a geography lesson.

So, looking back, what have we achieved after almost five years of debate, industry confusion and heartburn?

A well-intentioned goal of providing consumers information on the source of produce is being met. Retail surveys conducted by United Fresh and the Produce Marketing Association show more than two-thirds of produce at retail today carries country-of-origin labeling on PLU stickers, packaging or in-store signage. We still have work in bulk bins and very small products that don't have room for individual stickers. The mandatory rule won't be so onerous because the marketplace is delivering this information.

A misguided and costly piece of legislation passed in 2002 was never enforced, recognizing the distinction between a worthy goal and unsound legislation passed without adequate review. United Fresh invested hundreds of thousands of dollars in members' dues to gain two delays in the law's enforcement and eventually forge a compromise that would be a permanent solution. While that was an expensive and sometimes challenging path, our industry was spared billions of dollars in needless expense, at a cost of thousands invested wisely in government relations (and a few gray hairs!)

One lesson from COOL is "us against them" is a recipe for disaster for our industry. Produce success is tied to the success of our partners up and down the supply chain. Maybe the next time we face a controversial issue, we'll be a bit wiser and work to negotiate compromise solutions at the beginning of the process rather than the end.



**JIM PREVOR'S**

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# Locale Not Local

It is now commonplace to say consumers thirst for “locally grown” produce. Yet qualitative research being done by PRODUCE BUSINESS is starting to indicate this is not the complete story.

With the help of a generous grant from Stemilt Growers, we’ve been exploring consumer attitudes toward locally grown produce in an ongoing series of focus groups this author has moderated in London, England, and Houston, TX. A presentation of some of the findings was made at the PMA convention in Houston.

As the groups discussed locally grown, it became evident consumers in different places feel differently about this issue. Even when endorsing locally grown, they are expressing different preferences that mean very different things than what the trade understands locally grown to mean.

Enthusiasm for locally grown only applies to traditional agricultural areas. If you ask consumers in Houston if they yearn for locally grown, you get a lot of, “Not if they’re growing it by the BP refinery!” Participants exhibited skepticism about hypothetical farming operations set up to grow things locally, doubting the expertise of the farmers or the quality of the product.

When we pointed out in London that sections of France were far closer than the hinterlands of Scotland, the hosannas switched from an undefined “Local” to a patriotic “British.” In Houston, when we pointed out Mexico was closer than, say, Washington, participants did not want more Mexican produce.

Now it appears there were different dynamics at work. In London, the desire for British produce seemed an expression of nationalism, a dislike for things foreign or, at least, French. In Houston, the preference for American produce seemed an expression of distrust with the food safety and quality standards in Mexico.

Either way, the significance is clear — locally grown, as consumers understand the term, can and does encompass much more than propinquity.

Group participants did not like locally grown as an end in itself. They liked it because they identified locally grown as incorporating or offering several distinct advantages. This is significant because produce shipped nationally or internationally could equally please consumers if it could deliver on the important attributes consumers hope to get from buying local.

Here are some of the key locally grown attributes:

- **Fresh** — Consumers figure something grown nearby should be fresher when purchased. Freshness has many attributes but seems to principally relate to quality and “shelf life” in the home.
- **Flavor** — Group participants reasoned locally grown produce could be kept growing longer and thus would be more flavorful.
- **Less Expensive** — Figuring there should be major savings in

transportation, consumers expect locally grown to be cheaper than product shipped across the country or around the world.

Many things commonly believed to be drivers of the locally grown movement were factors for only a small minority or in only certain circumstances:

- **Knowing where food comes from** — A cardboard cutout of a farmer in-store, even on a Web site, didn’t allow consumers to know, in any meaningful way, where their food came from. A few made a point of buying from farmer’s markets or box schemes where they actually met the farmers and/or visited the farms. For most, however, a farm six hours away might as well have been 600 hours away.

- **Carbon Reduction** — Although there was more talk on this in England than here, there was skepticism about the significance of produce procurement in saving the world from global warming. There was also much discussion of produce sent to distant depots negating any carbon reduction. In both countries, the sense was there was not enough evidence to motivate a change in behavior on this basis.

Beyond these specific points, there was a general yearning for authenticity and supporting “one’s own.” However, one’s own was seen as mostly a matter of nationalism, and authenticity seemed less a matter of geography than of consumer perception of history.

Geography doesn’t seem to be the main point of the local phenomenon. While posing challenges

for imports, retail promotion methods, rather than intrinsic appeal, may be driving locally grown. Because retailers promote locally grown, consumers — predisposed to think fresher, more flavorful and less expensive — jump on the bandwagon.

If they could be assured of fresh, flavor and cost, consumers, at least in these focus groups, were looking for authentic farmers who knew what they were doing and cared for the land and the crop.

In other words, consumers were more accepting of a Cape Cod farmer growing cranberries than of a local guy who decided to grow cranberries to sell to a supermarket.

The challenge for shippers is to persuade consumers of the authenticity of their farms — to make consumers think of Delano for grapes or Yakima for apples the way they think of Napa for wine.

After the presentation in Houston, your humble correspondent had dinner with Roberta Cook of U.C. Davis. As we discussed what these consumers were telling us, she exclaimed, “It’s locale, not local.” And, in a phrase, she caught it.

Consumers want their food raised with love by farmers deeply knowledgeable about the land and its fruits. They want it to grow in the right places, with the right soil, water and sunshine — under the watchful eye of a farmer who cares. Communication of that authenticity is the challenge for a national shipper as we approach 2008. **pb**

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# Consumers Consider COOL A Hot Topic

**A**s members of the produce industry, we know today's supermarket cornucopia is made possible by our now-global marketplace for fruits and vegetables. According to our latest consumer survey, American consumers want to know the origin of their produce, as availability is increasingly accomplished with the help of imports, and they have strong attitudes on the subject. Behind these strong attitudes lies a rash of recent safety scares that have hit everything from food to toys.

Working with Opinion Dynamics Corporation to conduct a national telephone survey in late August, PMA learned a majority of consumers place high importance on knowing the origin of their fresh fruits and vegetables. Almost 7 in 10 claim they are aware of where their produce comes from at least some of the time, and 51 percent assign the highest importance to that knowledge. Meanwhile, 18 percent view the issue as unimportant.

When asked why they want to know country of origin, 14 percent of consumers cite their general interest in being informed, while 10 percent want to know because they prefer to buy local and 7 percent to buy US-grown. When responses related to food safety are combined, those worries rank highest with consumers, totaling 18 percent: Five percent point to general safety concerns, another 5 percent point to lack of trust, 4 percent cite poor regulations and inspections, and another 4 percent cite apprehension for how imported produce is grown and handled.

Our research also tested how perceptive consumers are. Only one shopper in five (20 percent) claims to know the origin of the produce he/she buys all the time, while 49 percent say they are aware of their fruits' and vegetables' origin some of the time. Just under one-third (29 percent) say they either hardly ever or never know from where their produce originates.

Among those claiming at least some level of awareness of country of origin, 55 percent report they get their information from packaging and another 42 percent cite stickers, while 17 percent reference signage.

While 62 percent of primary shoppers indicate they don't single out locales to avoid, a full one-third (33 percent) indicates they avoid purchases from specific countries or places. China (42 percent) stands out as the country most likely to be avoided, while 11 percent said they don't purchase imported produce at all. China's recent spate of product recalls appears to be the main concern behind boycotting that nation.

In contrast, 54 percent of consumers say they have preferred produce sources. The United States is the overwhelming choice for 68 percent, followed by 13 percent referencing local/homegrown. Among those singling out the United States as preferred, "buy American" patriotism (24 percent) and a sense of superior regulations (21 percent) are the main reasons cited.

Shoppers appear divided on how they cope with the unavailability of US-grown produce. Twenty-six percent opt to buy similar imported produce or to switch to a different produce item altogether, while 21 percent say they don't buy the produce at all if a US-grown item is not available.

The version of the 2007 Farm Bill already passed by the US House of Representatives includes language that would impose mandatory labeling on all fresh produce at retail, allowing a variety of means to convey that information to shoppers. Though the fate of this legislation in the Senate remains unclear at this writing, the much-delayed COOL provisions of the 2002 Farm Bill do go into effect on Sept. 30, 2008 — unless new legislation is passed to replace them. That leaves anyone marketing produce in the United States — whether domestic or imported — between a rock and a hard place: having to plan for labeling products at retail point of sale but not sure which provisions will rule the day.

While consumers certainly appear to want and deserve COOL, we must be realistic about what is feasible. In-store research done previously shows more than 60 percent of the top 20 fruits and top 20 vegetables by consumption are already labeled as to origin if one counts US state or regional designations

**T**he current mindset of many consumers has changed the dynamics of COOL.

(which the 2007 House bill does).

This includes the full range of labeling options: stickers, bags, twist ties, etc. We must not throw the baby out with the bath water: We should not alter produce merchandising practices so much that we deny consumers the opportunity they crave to select many produce items from bulk displays, thereby driving down consumption. It isn't possible to label all produce at the point of packing, so there will be a need for retailers to supply information to customers in ways other than labeling on the product, bag, etc.

Might we see a reduction in the variety of produce items offered at retail? Could packaging get a boost so more labeling of tough-to-label bulk items (think green beans, for example) can be done upstream from the store? How will COOL impact on the increasing interest in locally grown produce? These and other questions spring to mind and cannot easily be answered.

Whichever version of COOL finally gets implemented, our challenge as an industry is surely to give concerned shoppers the information they want about produce origin without adding excessive cost in the process. Some shoppers seem concerned enough to avoid particular places, while others want to support their local growers. Wherever they are on this spectrum of beliefs and behaviors, we need to accept that the current mindset of many consumers has changed the dynamics of COOL. We must work to keep the government's mandate practical and avoid reducing consumption as an unintended consequence. But we must also accept that the rules of engagement have changed.





## Behavior May Reveal Otherwise

**S**ometimes reading consumer surveys on country-of-origin labeling is enlightening, principally because of what it tells us about the limitations of consumer surveys.

We can applaud PMA for taking on the thankless task of trying to get meaningful answers from consumers on this subject. It is not easy. When, as Bryan explains, almost seven in 10 consumers claim they “are aware of where their produce comes from at least some of the time,” we don’t know whether that means they have actively sought that knowledge or happened to see some signage. We don’t know if they remember once seeing a sign or if they are typically aware of where their produce comes from.

A reader is also left scratching his head at how it could be possible more than three out of 10 consumers are never — not even some of the time — aware of where their produce comes from? These people have never seen an Idaho potato? Never once noted a sign or label? Not once saw a “locally grown” promotion? It is hard to imagine this could be true.

The PMA study finds a majority — fully 51 percent — assigns the “highest importance” to where their produce comes from, yet only 20 percent of consumers actually claim to know the origin of their produce all the time. So whatever “highest importance” might mean, it doesn’t mean these consumers won’t buy produce if the information isn’t available. This, of course, raises the question of whether this information really means anything at all to most consumers.

Consumer confusion on this matter is evidenced by the fact that when asked precisely why they might want to know about the country of origin of produce, nothing seemed a particularly significant concern. The biggest specific reason given — “general interest” at 14 percent, which seems likely to be a catchall for people who feel they “should” want to know this but can’t actually think of a reason why.

Even claims that a third of consumers are looking to avoid purchases from China seem odd — after all, there is scarcely any Chinese

fresh produce sold in US supermarkets.

Ahh, there is at least one area with a large majority — 68 percent of consumers prefer US produce and 13 percent want locally grown. This seems overwhelming, yet even here, how do we square this information with Bryan’s report that only 21 percent of consumers say they won’t buy the item if US produce is not available? This seems like a weak preference for US product — especially because no supermarket has ever reported sales dropping 21 percent because it shifts to imported product.

This is a classic example of the kind of question that consumers feel they should care about and have an opinion on but rarely do. Sure, if you shove a microphone in someone’s face, you get answers — but you don’t get the truth.

Because few consumers ever want to say they prefer to be ignorant.

Certainly, once in a while, consumers care about country of origin. If the newspapers are filled with stories of poisoned food from China, they may shy away.

If they see food imported from their ancestral homeland, they may want to buy it. If there is a special promotion — locally grown, Caribbean fun days, Cinco de Mayo — they may like the authenticity of buying those products from those places.

Day to day, though, consumers really don’t care. This is not surprising. They buy imported cars and electronics, almost all clothing is imported, they fly on Airbus jets, they eat imported canned and frozen foods — what would make us think that they will make a stand against imports in the fresh produce department?

If they are presented with a choice, consumers may even have preferences for one country over another.

None of this, though, is significant enough to have any long-term noticeable effect on sales. In fact, as Bryan points out, we already have quite a bit of produce in the stores identified by production source.

So why are we moving to country-of-origin labeling? The power of an odd coalition of

**C**onsumer confusion on this matter is evidenced by the fact that when asked precisely why they might want to know about the country of origin of produce, nothing seemed a particularly significant concern.

self-professed consumer advocates and US farmers, who mistakenly think this will make a difference in their sales, got it into the law.

PRODUCE BUSINESS just completed some focus groups in the United Kingdom where country-of-origin labeling is on every produce item and virtually every produce item is packaged. The packaging typically includes not only the name of the country of origin but also the flag of the country of origin. Despite all this, many consumers in our focus groups were shocked to learn the information was available — so little attention did they pay to the information.

We are likely headed for the same result in the United States — a lot of work and trouble for an audience that simply doesn’t care. Sadly, the hope that country-of-origin labeling may make a difference might be causing some growers to hold off on the kind of innovation and marketing that is really necessary to boost their sales and profits.

# THE RISING STAR RECEPTION

On Saturday night, October 13, at the PMA Fresh Summit in Houston, TX, *PRODUCE BUSINESS*, in conjunction with sponsors MIXTEC and Ocean Mist Farms, hosted the third annual Rising Star reception to celebrate this year's 40-Under-Forty\* class.

In addition to the members of the class of 2007, attendees included members of the classes of 2005 and 2006, as well as many movers and shakers of the produce industry. In addition, 47 students from seven U.S. colleges and four international colleges were invited guests. The students were participants of the Pack Family/PMA Career Pathways Fund.

*\*40 Under Forty, an annual feature of *PRODUCE BUSINESS*, honors the produce leaders of tomorrow, all of whom have been chosen by industry mentors for their industry and community accomplishments.*



Bob DiPiazza of DiPiazza Consulting and Chris Nelson of MIXTEC



Ray Klocke of The Klocke Advantage, Frank McCarthy of Albert's Organics and Don Harris of Wild Oats/Whole Foods



Bob Jenkins of River Ranch and George McManus of Michigan State University



Brett Combs from Combs Produce



Don't Mackay-Almy of DMA Solutions and Lisa McNeece of Grimmway Farms



Jim Prevora of *PRODUCE BUSINESS*



Jeff Lundberg of Babé Farms, Chuck Ciruli, III of Ciruli Bros., Andrew Schwartz of Rosemont Farms and Amy Catalani of Texas A&M



Bob Gray of Duda, Bud Floyd of CH Robinson and Janet Erickson of Del Taco LLC



Bruce Peterson of Naturipe, Ira Cohen and Myra Gordon of the Hunts Point Terminal Market



Kevin Precht of Cameo Apple Marketing Association



Libby and Jerry Mixon of Sunnyridge Farm



Bryan Silbermann of PMA, Jim Lemke of CH Robinson and Tom Stenzel of United Fresh



Dionysios Christou, Dave Russell and Albert Garcia of Del Monte Fresh



Blair Richardson of FreshSense, Meredith Auerbach of Strategic Marketing Projects for Agriculture and Harold McClarty of HMC



# THE RISING STAR RECEPTION



Steve Condit and Joe Murphy of Six L's Packing Co., Inc.



Tod Pepin, Julie Felts and Mark Jewell of Hannaford Bros.



Lorie and John Longaker of Condies Foods



Joe Feldman and Ed Boutonnet of Ocean Mist Farms



John Pandol of Pandol Bros.



Julie Krivanek of Krivanek Consulting and Michelle Story of Tanimura & Antle



Jon McClarty, Chelsea McClarty, Denise Young and Harold McClarty of HMC Group



Matthew Enny of Duda Farm Fresh Foods and Doug Meyer of Tanimura & Antle



Tammy Sparkman, Loren Green and Russ Mounce of Sam's Club



Kate Reeb, Emily Fragoso and Mike Ito of Coast Produce



Juliette King, Elvia Gonzalez and Alejandra Pineda of Michigan State University



Jim Prevot of PRODUCE BUSINESS and Jay Pack of the Pack Group



John Hickey of John Vena Specialties and Shaleen Heffernan of Agrexco (USA)



Ken Whitacre of PRODUCE BUSINESS and Mark Reasons of Ocean Mist Farms



Gwen Gipe, Katie Tossie and Jeff Post of Ocean Mist Farms and Wendy Brannen of the Vidalia Onion Committee



Kacina Vieth and Joe Merenda of FoodSource, Thomas Mehl of the University of Pretoria and Christian Bloeker of the University of Western Australia



Matthew D'Arrigo of D'Arrigo Bros. Co. of New York, Craig Casca and Michelle Deleissegués of Red Blossom Farms and Michael D'Arrigo of D'Arrigo Bros. Co. of New York



Bryan Silbermann of PMA



# THE RISING STAR RECEPTION



Samantha Pinkerton, Greg Mixon, Keith Mixon and Teddy Koukoulis of Sunnyridge Farms



Dutch Gay, Sarah Beuning, Rebecca Wilson, Mike Smith and Rock Gumpert of Tom Lange Co.



Joe Feldman of Ocean Mist and Chris Nelson of MIXTEC



Mira Slott of the PERISHABLE PUNDIT



Bob DiPiazza of DiPiazza Consulting, Russ Mounce of Sam's Club and Anthony Gallini of California Giant



Michelle Story of Tanimura & Antle, Jennifer Verdelli of Verdelli Farms and Steve Tursi of Wal-Mart



Julie Krivanek of Krivanek Consulting and Robert Kershaw of Domex Superfresh



Jan Schondube of Lakeside Produce, Tammy Sparkman of Sam's Club and Ray Mason of Lakeside Produce



Jim Margiotta of J. Margiotta and Ken Whitacre of PRODUCE BUSINESS



Todd Kodet, Tonya Antle, Mike Stevens and Bryan Aguirre of Earthbound Farm



Suzanne Walter of Rainer Fruit and Claudia Wenzing of Produce for Better Health



Jim Prevot of PRODUCE BUSINESS, Chuck Ciruli III and Chuck Ciruli of Ciruli Brothers



Mauricio Rocha of Kingdom Fresh, Peter Kroner of Eli & Ali's, Vivien Edmeier, Dan Edmeier and Alberto Gonzalez of Kingdom Fresh



Greg Sagan and Jeff Nichol of Modern Mushroom Farms



Lilani Smit and Carel Mouton of the University of Stellenbosch and Michelle Thonesen of Cornell University



George Manos of Shamrock Seed, Ande Deter-Manos and Judy Lundberg of Babé Farms



Eric Mitchnick of Katzman Produce, Greg Holzman and Amy Rosenoff of Pacific Organic-Purity Organic

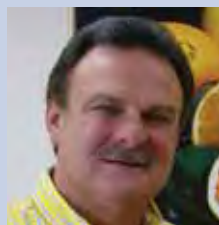


### SEALD SWEET INTERNATIONAL, VERO BEACH, FL

**Mayda Sotomayor** has been named CEO, becoming the first female CEO in the company's 98-year history. During the last decade, Sotomayor, formerly the company's vice president, helped build Seald Sweet's imports programs and positioned the company as a global leader in the citrus category.



**David Mixon** has been appointed chief marketing officer and will be heading the company's new business ventures. Since joining the management team in 2004, Mixon has pushed expansion for the company in Florida, California and Texas.



### DOLE FRESH FRUIT COMPANY, WESTLAKE VILLAGE, CA

**David Bright** was promoted to director of marketing. In this position, Bright will be responsible for strategic development and execution of all business plans. Bright, who has served 11 years with the company, will continue to oversee the marketing research and marketing services functions.



### MONTEREY MUSHROOMS, INC., WATSONVILLE, CA

**Derek Burt** is the company's new Dallas, TX sales manager. He will work with the production facility in Madisonville, TX. His sales territory will include Dallas, West Texas, New Mexico, Oklahoma and Arkansas. He previously served as a sales merchandiser for the company's Princeton, IL, farm.



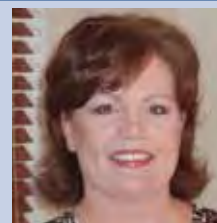
### DRISCOLL STRAWBERRY ASSOCIATES, INC., WATSONVILLE, CA

**Steve Trede** joined Driscoll's category management team as category development manager. With more than 25 years in the produce industry, Trede is a food technology graduate from Iowa State University. As category team manager, he will work closely with retail partners to achieve optimum berry sales and profitability.



### CURRY & COMPANY, BROOKS, OR

**Trish Lovell** joined the sales team as an account manager. With more than 20 years experience in onion sales, she brings a wealth of production and packing house knowledge. Most recently, she served as onion sales manager for Potandon Produce, LLC. She previously worked for Basin Gold Cooperative and Baker Packing Company.



## NEW PRODUCTS

### SUPERCHARGED SUPERFRUIT

Decas Botanical Synergies, LLC, Carver, MA, introduces Fruitaceuticals — all-natural, nutritionally supercharged superfruit products. The new line consists of popular superfruits supercharged with nutrition-enhancing natural ingredients. The line will launch in natural food stores with an initial offering of two cranberry-based dried fruit products, PomaCrans and OmegaCrans.



Reader Service No. 300

### ARTICHOKE PRODUCTS

Ocean Mist Farms, Castroville, CA, introduces baby artichokes in clamshells and hang tags for its organic globe artichokes. The new products were developed to extend the size and enhance the offerings of the traditional artichoke display. The new, square-shaped clamshell makes it easier for retailers and consumers to stack and store the products. The hang tags help retailers and consumers distinguish organic artichokes from conventional artichokes.



Reader Service No. 301

### GRIMMWAY REVAMPS CARROTS

Grimmway Farms, Bakersfield, CA, has undergone a complete redesign of its Grimmway brand of carrots. The redesign will include all sizes of whole, cut and peeled baby carrots and value-added varieties. Bags of the brand's baby carrots will feature the Chef's Best award logo. This new packaging will provide a consistent look across all of the varieties of Grimmway branded carrots.



Reader Service No. 302

### FRESH SALSA KITS

Z&S Fresh, Fresno, CA, is now offering the Old El Paso Fresh! salsa kit line. The fresh kit has everything consumers need to make delicious, fresh salsa at home. The kit includes four tomatoes, three chili peppers, one onion, one lime and a 5-gram seasoning pack. All the consumer needs to do is chop, mix and serve for fresh salsa at home.



Reader Service No. 303

## ANNOUNCEMENTS

### RED BLOSSOM LAUNCHES WEB SITE

Red Blossom Farms, Inc., Santa Maria, CA, unveils its new Web site, [www.redblossom.com](http://www.redblossom.com). Consumers, retailers and other industry officials can visit the site to find fresh, new graphics; fun, helpful consumer content; and more in-depth trade information. The Web site also features a link to its Trace Back/Food Safety Web site, [www.rbtrace.com](http://www.rbtrace.com).



Reader Service No. 304

## CORRECTIONS

### RED RIVER VALLEY POTATOES

In the *Red River Valley Potatoes* article in the October issue of *PRODUCE BUSINESS*, we incorrectly identified Steve Tweten and Ron Gjelsness of Nokota Packers Inc., Buxton, ND. In the top picture, Ron Gjelsness is pictured on the left and Steve Tweten is on the right. Those in the bottom picture are: (Standing) Ron Gjelsness, Steve Tweten; (Seated) Marilyn Asheim, Carissa Olsen, and Roxanne Reed of Nokota Packers Inc.



We regret any confusion our misidentification may have caused.

Produce Watch is a regular feature of *PRODUCE BUSINESS*. Please send information on new products, personnel changes, industry, corporate and personal milestones and available literature, along with a color photo, slide or transparency to: Managing Editor, *PRODUCE BUSINESS*, P.O. Box 810425, Boca Raton, FL 33481-0425, or e-mail us at [ProduceBusiness@phoenixmedianet.com](mailto:ProduceBusiness@phoenixmedianet.com)

# Is Wal-Mart Foolish For Focusing On Small Savings?



## From Jim Prevora's *Perishable Pundit*, Oct. 30, 2007

Our piece, *Wal-Mart's Global Procurement Division Gets Special Pass On Quality*, was the latest in a series of articles dealing with Wal-Mart's procurement practices.

We launched this discussion with our piece, *High Lettuce Prices Strain Supplier Relations With Wal-Mart*, and then followed up with an article we called, *Wal-Mart Tightens Quality Specs*.

We then heard from a Wal-Mart vendor and used his letter in a piece we called, *Pundit's Mailbag — Wal-Mart's Path of Decreased Store-Level Execution*. All of these pieces built on a series we ran a few months ago that concluded with an article entitled, *Wal-Mart's 'Opportunity Buy' Policy Reveals Much About The Company*.

We've received many letters in response to the piece on Global Procurement, including this thoughtful missive:

*In an effort to 'cut cost', the concept of 'adding value' can get lost, especially with imported items that arrive to North America from great distances like Chile, Argentina, South Africa or Australia.*

*Fully 70 percent (or more) of the total value of any produce product, even by sea shipment, involves cost inputs to deliver the actual produce to the market in salable condition. The actual fruit is most often the 'cheapest input' in the delivered product, and yet if its condition is compromised, all the other cost inputs may be 'lost'. There is no 'cost savings' if the produce item is compromised in transit from a far away port of embarkation.*

*Importers who have all of the resources and skills to clear customs, inspect fruit to assure its suitability for buyer delivery, arrange domestic transportation to the buyer's final destination, are really 'adding value'.*

*The expression 'pennywise, pound foolish' comes to mind.*

*Some forget that there are two ways to improve an item's value. One is to cut cost, but a more important way often is to find a way to 'add value'.*

*— Rick Eastes*

*Director of Special Projects*

*Ballantine Produce Inc.*

*Reedley, California*

The general issue of direct importing by retailers is somewhat problematic. Among the obvious challenges:

- **Producers often produce large ranges of sizes, grades, varieties and items.** Retailers typically want only certain sizes and grades. Although they may be able to get what they want by paying for it, importers who have a diverse customer base and can accept a range of product will often get preference — and a cheaper price. Clever importers with ranges of customers can often pay less for product than retailers who are restricted in what they can buy.

- **It is very difficult to buy produce in foreign countries with guaranteed good delivery to distant distribution centers.**

Inevitably a retailer importing directly will have many containers that have to be sold outside the retailer's own channel. The ability to maximize returns in

this environment is typically not an area of expertise held by the employees of retailers.

- **The "just in time" inventory systems common in the produce industry are typically not compatible with distant transit times, congested port and border conditions and delays due to customs, APHIS and what not.** So Global Procurement operations either will not meet delivery dates or they will over-import to have excess stock available to cover for late arrivals.

- **If the goal is to import 100 percent of a retailer's needs, in light of the long supply chain, the tendency is to over-order.** This means more shrink and product that is less fresh for the consumer.

- **If the chain doesn't import 100 percent of its needs, it will still depend on importers.** Now, however, instead of being the favored customer of the importer, the chain is viewed as a quasi competitor. It will get less favorable pricing, find its orders unfulfilled in tight markets and, in general, not be treated as well as it would be if it bought all its imported product from importers.

In the specific case of Wal-Mart, you are dealing with a situation in which for 15 years the company encouraged companies to become importers, the better to provide Wal-Mart with 52-week-a-year service.

Regardless of who encouraged whom, the real question is, 'Are there any savings by importing independently of that system?' The problem is that if a company has a building and 50 people dedicated to the Wal-Mart account and all the sudden gets a "time out" because of a Global Sourcing initiative (or, by the way, a Local Buying initiative), the salary and the rent, etc., still have to be covered. Because it is typically not possible to suddenly get other business that will soon be dropped, Wal-Mart, through the prices it pays, winds up covering those people and facilities.

In effect, you could say that Wal-Mart will pay twice for people and facilities at that time, hiring its own while sustaining the "eco-system" of domestic Wal-Mart vendors.

Beyond the issue of cost savings, Rick Eastes, who has worked with both Sunkist and Oppenheimer, points to the foolishness of focusing on small savings — when one should be focused on the large benefits of maintaining quality.

This requires expertise, and one wonders if retail salary structures will allow for the chains to maintain these top-notch people — or if the people won't be wooed away by more lucrative opportunities.

Very often the thirst to eliminate a "middleman" and the supposed "excess cost" he represents stumbles over a surprise — the value that intermediaries can often provide.

This whole situation reminds us a bit of another occasion in which retailers thought themselves best served by doing everything "direct." We dealt with that in an article that ran in Pundit sister publication *PRODUCE BUSINESS*, entitled *Broker is Not a Dirty Word* [February 2004].

Many thanks to Rick Eastes for reminding us that a balance sheet must contain both credits and debits.

**www.perishablepundit.com**



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# CALLING ALL RETAIL AND FOODSERVICE EXECUTIVES



As a result of a special grant provided by Mann Packing Company and Grimmway Enterprises, funds have been secured to allow four select individuals (two from retail and two from the foodservice operator segment) to receive all inclusive scholarships to attend the 2008 PMA/PRODUCE BUSINESS/CORNELL Invitational Leadership Symposium in Dallas, TX, January 16-18, 2008.

The goal of the program is to allow gifted participants from retail and foodservice to engage with their peers from other industry sectors and immerse themselves in a program that goes beyond the produce trade to encourage strategic thinking and a broader perspective on business.

If you would like to be nominated or if you would like to nominate someone else, please visit [www.producebusiness.com](http://www.producebusiness.com) and complete the short form.

For more information, please contact Ken Whitacre, publisher, at [KWhitacre@phoenixmedianet.com](mailto:KWhitacre@phoenixmedianet.com) or call 561-994-1118, ext 101.

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# GLOBAL SOURCING

Retailers move toward international integration.

BY JODEAN ROBBINS

**V**ertical integration in international sourcing is becoming an increasingly more common method of doing business — not just from the multinational retail side but also from the supply side.

The United States has seen substantial growth in the volume and variety of fresh produce imports during recent years due to rising consumer incomes, trade agreements and improvements in technology. "Between 1990 and 2006, annual U.S. imports of fresh fruit and vegetables surged from \$2.7 billion to \$7.9 billion, with the share of total U.S. imports for agriculture rising from 11.5 percent to 13.3 percent," according to the U.S. Department of Agriculture's Economic Research Service (USDA/ERS).

"Imported produce is very important to U.S. supermarkets," says John Anderson, chairman, president and CEO of The Oppenheimer Group in Vancouver, BC, Canada. "Customers have come to expect to find peaches, berries, fresh apples and all other fruits and vegetables on the store shelves, even in the winter time. Retailers rely on produce from the Southern Hemisphere to satisfy customer demands all year long."

With the increase in produce imports from points beyond North America, retailers and suppliers alike are looking for more competitive ways to provide top quality products to the marketplace. "The global economy is going to evolve and the only constant thing is going to be change," states Bob DiPiazza, an industry consultant based in St. Charles, IL. "The really good retailers are going to stay abreast of what's going on from a global perspective. For example, the hot new deal this year was the ability to have fresh grapes from Brazil when everyone was moving into storage. The retailers who took advantage of Brazil were able to offer their customers a nice, green-stemmed, fresh product. It's a matter of staying on top of what is going on. People are going to continue to develop export programs and new windows of opportunity, so the retailer must be a student of the global marketplace."

In the effort to stay as connected as possible to the product, retailers are getting as close to the source as they can. "A big industry change is the interest of retailers wanting to work directly with the source [outside of the coun-



try]," says Kurt Schweitzer, owner of Keystone Fruit Marketing in Greencastle, PA. "International sourcing involves a lot of steps and some retailers are working those out themselves while others are looking to work more with suppliers who can offer them all the options."

According to Wayne McKnight, vice president global procurement, food, for Wal-Mart Stores, Inc., headquartered in Bentonville, AR, "Developing successful imports is really not a lot different than building domestic business. The principles and direction are very similar, although the complexities and cost structure will have a few more elements, but it's nothing that can't be overturned."

"To start, it takes open and honest dialog about the various parties' current situation and their expectations for the future," he continues. "You need to define and be committed to success for all stakeholders or don't go any further. It takes collaboration by both parties to develop the action plan and execute it flawlessly."

"One way to look at changes in international sourcing is to look at the various developing models," explains Nancy Tucker, vice president of global business development for the Produce Marketing Association (PMA),

Newark, DE. "One is the creation of procurement offices in key supply areas, as Wal-Mart has done, to coordinate, monitor and direct supply to their distribution centers around the world. Another model is the use of category captains, used by the large U.K. chains, where one or two providers of a commodity or group of commodities are responsible for procurement, transportation, standards, packaging, inventory management and more. A third model is the alliance of suppliers from around the world under one umbrella organization to be able to provide a year-round supply in volumes sufficient for the larger chains."

## Integration Between Retail And Supplier

One major shift in international trade in produce has been the vertical integration on both the retail and supply sides. "You have vertical integration moving in two directions," explains Andrew Southwood, vice president of business development for Fisher-Capespan, Montreal, QC, Canada. "Retailers are pushing down the chain to buy as close to the grower as possible and suppliers are trying to push as far up the chain as possible."



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# BOUNTIFUL SOURCES

A few regions currently dominate U.S. fresh produce trade, but sources continue to evolve each season. According to the U.S. Department of Agriculture's Economic Research Service (USDA/ERS), fresh vegetable imports from the North American Free Trade Agreement (NAFTA) region, Mexico and Canada, at more than \$3.2 billion, comprise the single largest trade flow among regions of U.S. fresh produce trade. Between 2004 and 2006, Southern Hemisphere countries accounted for 74 percent of U.S. imports of grapes, 83 percent of apple imports, 79 percent of kiwi imports, 73 percent of pear imports and nearly all imported stone fruit. Chile provides 77 percent of U.S. fresh fruit imports from the Southern Hemisphere. Nearly half of U.S. fresh fruit imports from Southern Hemisphere countries are grapes, with 96 percent provided by Chile.

"Since the 1990s, grape and tropical fruit imports have grown faster than other categories, even bananas, which, of course, have long been considered the most popular fruit in the United States," explains John Anderson, chairman, president and CEO, The Oppenheimer Group, Vancouver, BC, Canada. "Pineapple, mango, papayas and others are seeing significant lifts, resulting in part from shifting U.S. demographics. For example, pineapples, once imported primarily for processing, have been increasingly marketed for fresh consumption at supermarkets."

Although few and far between, sporadic windows still exist for additional sources of some products such as grapes and berries. "Most of the products are pretty well established, but it doesn't mean there won't be other opportunities in the future," says Kurt Schweitzer, owner, Keystone Fruit Marketing, Greencastle, PA. "For example, blueberries finish up in early fall and we don't see them in the store until the holidays, so we have about a 3-month gap in fresh blueberry supply, and sooner or later someone is going to find a place to fill the gap. We could say the same thing in the cherry supply as well."

According to Bruce Dowhan, general manager of Giumarra Agricom International, Los Angeles, CA, "It appears avocados from Peru may have future opportunity in the U.S. market. Also, New Zealand has recently been granted entry to the U.S. market for citrus and the Giumarra companies now import Satsumas and lemons from New Zealand beginning in July."

Oppenheimer's mango category is growing with fruit from Brazil, Guatemala, Ecuador and Peru, giving the company a well-rounded supply. "We also have started marketing organic mango," Anderson reports. "Mango from India and Thailand have recently been given entry to the United States, though they must be irradiated, and we expect mango from the Philippines may be granted access before long as well. The Calypso mango from Australia will be sold in Canada this fall, possibly entering the U.S. market in the future."

Thailand is in the process of finalizing exports of tropical fruits into the United States via irradiation treatment. "There is one final inspection we expect to be completed by mid-October," reports Pak Mhoadjee, assistant to the minister in the Office of Commercial Affairs at the Royal Thai Embassy, Washington, D.C. "We should have admissibility starting in November. Our fruit exports will include some of the more common tropicals such as mango, longan, lychee, rambutan and pineapple. However, while there may be versions already in the market for some of these products, Thailand has some very unique sub-varieties that U.S. consumers haven't seen before, particularly our pineapple."

One notably new Thai product for the U.S. marketplace will be the mangosteen. "We believe there is great opportunity for this product in the U.S. market," Mhoadjee explains. "We've received good feedback from the preliminary marketing and sales research done on it. It will also give the foodservice side of the business the ability to incorporate this as well as the other products into new dishes."

Once the products are admissible in November, Thailand will have a formal introduction ceremony in the Los Angeles and New York area. "After the first market introductions, the products will be introduced to other smaller markets depending on availability of supply," reports Mhoadjee.

ing perhaps the most experience and network in this area. Wal-Mart has a U.S. export team in Bentonville. Its South America sourcing office is in Santiago, Chile; its Mexico food hub in Mexico City, Mexico; Africa is in Stellenbosch, South Africa; Asia is in Shanghai, China; and Europe is in Valencia, Spain and Florence, Italy.

"These hubs are designed to be close to production," Wal-Mart's McKnight reports. "They have daily engagement with all food and beverage products in their sourcing region and the industries and players we are focused on. We have three distinct teams on the ground. A procurement team engages with the supply base working on 1-year to 5-year plans and has a high degree of business planning with surety of supply, quality enhancements and transparency to cost components. An operations team handles all the replenishment and logistics of the programs developed and is focused on execution. An administration team focuses on all the elements of compliance to ensure we are in sync with local and international laws and regulations."

However, not all retailers are ready to take the direct-import step. "Large retailers worldwide continue to set annual targets for direct importing in an effort to cut their costs and provide their consumers with lower prices," explains Amy Thompson, marketing manager at Bryant Christie Inc., Seattle, WA. "However, not all international chains are fully committed to these additional investments and instead rely upon specialized partners to assist. Most retailers are increasingly relying on vertically integrated suppliers who can manage one or more product categories for them."

"Some retailers are structured so they can source produce directly from international growers, though most rely on marketing organizations to handle the steps between the field and the shelf," Oppenheimer's Anderson reports. "It is an intricate process requiring a great deal of expertise."

"On one hand, more opportunity is available for retailers working with marketing companies that have growing operations offshore" according to Avi Nir, president of Ayco Farms, Inc., based in Pompano Beach, FL. "On the other hand, there are other benefits of going direct and being able to sell product at a lower cost. It all depends on the circumstances and where you are."

Direct sourcing can have pitfalls and many retailers remain cautious about entering this field. "Many retailers have tried direct sourcing, but there is no clear business model emerging," notes Bruce McEvoy, consultant to Seald Sweet LLC, Vero Beach, FL. "One reason is direct sourcing does not eliminate many of the functions performed in an export structure. There is still the need for oversight when

The consolidation in retail provides the necessary scale for direct importing. "The bigger you get, the more the more opportunities to operate more efficiently," DiPiazza says. "As the larger retailers have grown and attained scale, they've looked at their options. As opposed to having product brought in through

the traditional import chain, some retailers have gone to the production area and decided to deal direct with growers and packers of sufficient scale to be able to directly export product to themselves."

In any discussion of retail vertical integration, Wal-Mart comes to the forefront as hav-

pb



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Reader Service # 65

it comes to GAPs, compliance with protocols, financing, coordination of harvesting, managing the size manifest, import documentation, inventories, quality inspections, claims, repacking and so forth, just to name a few."

"I've heard mixed success about direct importing by retailers," explains Craig Carlson, vice president of produce and floral for Pathmark Stores, headquartered in Carteret, NJ. "The supply chain is pretty efficient when it comes to importing. Unless you have expansive knowledge and expertise, it is pretty hard to beat the importers."

"The reason my company has been successful is we're experts in what we do," adds Jim Provost, president of I Love Produce, LLC, West Grove, PA. "Even for a multibillion dollar company to invest the time and focus on what we do, I don't think they can do it the same way."

For the multinational retailers who have accomplished going direct, vertical integration allows for several benefits. "You can pass on a better value to the consumer thus there is a competitive advantage allowing you to grow market share and enhance your earnings or profits at the same time because you're dealing direct," consultant DiPiazza says. "Another advantage to working direct as a retailer is, theoretically, the product should go from the boat to the stores. You should be able to manage the inventory flow so you don't have product sitting in cold storage."

### Supply Side Control

The evolution at supply side is also affecting industry change. "Over the next several years, you're going to see some major changes on the supply side where growers are going to band together much as we've seen the retail consolidation," says Fisher-Capespan's Southwood. "They will have more power and more control over their produce, so they end up with a more economically viable product. Vertically integrated suppliers can help on the supply side security as far as planning the right amount to plant, harvest and market."

"The power of the retail chains continues to increase and wholesale markets in many countries have suffered as a result," according to Bryant Christie's Thompson. "International chains look to vertically integrate suppliers to provide them with the same service as wholesalers at lower prices and with higher quality."

Already many U.S. and overseas companies have put together partnerships to combine production, logistics and marketing, to provide year-round sourcing, and retailers are taking advantage. "More and more retailers are looking to work with vertically integrated suppliers," says Keystone's Schweitzer. "Our volume on sweet onions has grown tenfold over the past years."

"The trend is toward more imports being handled by U.S. grower/shippers who act in year-round sourcing and act as food-safety gatekeepers for retailers," reports Dr. Roberta Cook, extension marketing economist for the University of California's department of agricultural and resource economics, Davis, CA. "They help assure overseas producers marketing through them are adhering to the same GAPs and food-safety requirements as in the United States. Grower/shippers have trade labels to protect and do not want to risk jeopardizing their reputations with food-safety problems."

"Suppliers are creating alliances with other

duction with our personal pack and ship products with a fully staffed operation," Nir says.

"From a food-safety and traceability standpoint, it is important for suppliers to be vertically integrated to know the grower has full control and full responsibility over the crops," explains Paul Kneeland, vice president of produce and floral for Kings Super Markets, based in Parsippany, NJ. "It shows a commitment for any company if they control the food safety and quality all through the chain. It's also beneficial because they can customize crops or programs to the retailer demand and provide ensuing marketing or promotion."

Wal-Mart notes the value of vertically inte-

**"From a food-safety and traceability standpoint, it is important for suppliers to be vertically integrated to know the grower has full control and full responsibility over the crops."**

— Paul Kneeland  
Kings Super Markets



suppliers in different parts of the world to provide their commodity year-round and in sufficient volume for their buyers," adds PMA's Tucker. "Others are expanding vertically through acquisitions or alliances to provide full, value-added service through the supply chain. Progressive marketers are using research and scan data to thoroughly know their clients' markets and develop products, packaging and merchandising to help their supermarket clients sell more of the product."

Integration at supply side offers its fair share of benefits for retailers. "Our customers have the benefit of being able to get immediate communication," Schweitzer relates. "There's always something going on in the import world, whether it's a labor strike at the port or an earthquake in Peru. Our customers are increasingly relying on a vertically integrated model. It gives them immediate access to information, confidence in the supply and better traceability."

For example, a joint venture by Giumarra Agricom International, Los Angeles, CA, offers a 12-month supply of avocados from California, Mexico and Chile. "As a vertically integrated avocado supplier, we have greater control of product flow, food safety, and quality," says Bruce Dowhan, general manager. "As a result, we can confidently offer our customers a fresher, safer, and higher quality product."

The Ayco Company, LP, a limited partnership developed by Ayco Farms, is integrated in Guatemala and Honduras with MiniMe personal watermelons, cantaloupe and honeydews. "Additionally, in Peru, we control pro-

duced suppliers in its network. "Many vertically integrated suppliers or service providers do a great job and will continue to play a strong role in our network. They have invested time, talent and resources over many years into a working and battle-tested system," McKnight explains. "Don't discount this service and value. To further improve, it could become more transparent and open with a lot less filters applied to the connection between the production and retail side."

"If you are comfortable with your value proposition, then be more open with other stakeholders and this will actually enhance, not diminish, your position," he continues. "They have great product knowledge and long-term relationships with growers, understand the supply chain and provide a host of services from repacking and reclamation to marketing, shelf management and replenishment. In many cases, the better providers will do this better than retailers themselves because it is their core business and proposition, and to most retailers it will always be important but never at the same sustained level consistently for years. They bring stability and continuity with innovation."

Understanding the functions involved in sourcing is important in analyzing the benefits of suppliers. "I am not sure all retailers understand or know the different functions each person in the chain provides," Nir says. "It is important to understand the roles of grower, broker, importer, etc., and benefits they provide. For the most part, there is recognition

*Continued on page 26*



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# THE CHINA FACTOR

On the heels of several food-safety scares and ensuing media frenzy, the recent dog food and toy recalls on Chinese products have served to rekindle consumer concern about the safety of imported goods. Industry members on the front lines of importing express the need to address these issues head-on.

"The whole issue of food safety is going to continue to escalate as an issue and it's not just China," states Bob DiPiazza, an industry consultant in St. Charles, IL. "I'm not in retail now, but if I were a retailer, I'd be having lots of discussion with all of my perishable teams on the whole issue of food safety, the reputation of the company and the responsibility we have to offer our customers safe and nutritious whole food."

While China's recent record in manufactured goods has been highly documented in the mainstream press, produce industry members involved in China say an incident involving ginger is reported to be fairly minor. "The ginger incident was limited to a single shipment from a single source whereby the California Department of Health found residue of a pesticide not approved for use on ginger," explains Jim Provost, president of I Love Produce, LLC, in West Grove, PA. "They never said it was a harmful level nor even said what the level was they found."

However, the bad press China received from the other recalls may have negatively influenced perception of China's produce. "China has gotten a black eye from some of the other industry recalls, but when it comes to food safety, we've found them to be very competent," Provost continues.

"We're seeing a reaction in people wanting to buy locally again and a very interesting shift of some supermarkets that now need to have a growing domestic component even if it is more expensive," reports Andrew Southwood, vice president of business development for Fisher-Capespan, Montreal, QC, Canada. "For a long time, local growers felt marginalized because they were only competing on price. They may be in a more favorable position now."

Paul Kneeland, vice president of produce and floral for Kings Super Markets, Inc., based in Parsippany, NJ, states, "There wasn't really a fallout on other imported products. It was very limited to the Chinese, and at the time it happened, we were at peak season for locally grown. Our customers seemed to avoid only Chinese product. It's a non-issue right now. It also depends on the media cycles as people are more aware if it's in the news."

Produce importers and suppliers involved in China and other regions remain steadfast in their assurance of quality and safety. "Our company has always had the highest standards from all the countries we procure from," Provost says. "We provide the highest quality, safest product to our customers who have come to trust our standards and continue to do business with us for this reason. When the ginger incident arose, I had pesticide testing reports within 24 hours, specifically indicating our product was free of the particular pesticide in question and I was able to provide the information to our customers."

"Unfortunately, imported produce is being grouped as a target of concern rather than being country- or product-specific," says Bruce McEvoy, consultant to Seald Sweet LLC, Vero Beach, FL. "Some claim the inspections of imported produce do not compare to the oversight on the domestic production. Yet the bulk of our produce imports come from sources such as Chile, Peru and South Africa, where there

are rigorous standards for Good Agricultural Practices, and food-safety guidelines are imposed by the European retailers who demand regular inspections and third-party certifications."

"We, as an industry, must be held accountable for traceability and reliability," adds Kurt Schweitzer, owner of Keystone Fruit Marketing, Greencastle, PA. "We do mock recalls on our product because we feel it's critical not only to say we can do it but also to prove we can."

The multiple recalls in China as well as other international considerations appear to be influencing change, whether needed or not. "The U.S. government is looking at passing laws for higher standards of imported food," reports Provost. "Additionally, the Chinese government has basically denied facilities from shipping food exports until they are certified by the Chinese government, which has shut down any factories or producers that are not able to meet U.S. standards. It may affect the supply somewhat but hopefully this will create consumer confidence again in Chinese products."

"The highly publicized recalls of Chinese food ingredients and toys have refocused government agencies, the Congress and, of course, the media on the safety of our food supply," McEvoy contends. "Some states are considering unilateral actions, and the sometime confusing jurisdiction of the U.S. Department of Agriculture and the U.S. Food and Drug Administration all lead to an erosion in consumer confidence in the safety of our food supply, which by most standards is the safest in the world."

"With the heightened awareness from a retail standpoint, we'll have longer-term memories and greater questioning on exactly what suppliers are doing to keep their products safe," Kneeland reports. "Everybody has been cognizant of where you get good product and all the countries you can do business with, but this will make everyone look at things even closer. The Chinese companies will have to prove more in the end."

While some retailers may be shying away from Chinese products because of the whole issue of quality, suppliers urge an open attitude. "The facilities in China are equal to or better than anywhere else in the world," Provost says. "USDA's 2006 *Garlic Industry Report* shows 73 percent of the fresh garlic consumed in the United States is from China, and China is the No. 1 producer of garlic in the world. They've been doing this for 20 years as a major exporter and there has not been one food-safety related incident with regard to garlic."

"Retailers should look at who they're doing business with instead of blacklisting a country," Provost adds. "Suppliers should be able to backup their certifications, take you to the country to see for yourself or give you videos of the production facilities. We do all these things."

"The key is to know what the source is and be able to document and prove how those products are grown," agrees Schweitzer. "This situation lends itself to more and more of us who are investing in being vertically integrated."

Buyers are urged to look at the track record of the exporters. "South Africa has been exporting fresh produce to Europe for 100 years now and the number of incidents you can trace back with problems are simply not there," explains Southwood. "Chile is a good example of remarkable progress. They have adopted European programs and are diligently inspecting and putting good practices into place. There are universally established standards, which set them apart from the Johnny-come-latelys, in many places now."

**pb**





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Continued from page 22

from both sides for each other's needs, such as controlling productivity, traceability, pricing and programs. Adequate and reliable supply, program support and data on the different growing areas are significant contributions an integrated marketing company offers retailers."

An established relationship is one of the principal retail benefits of dealing with vertically integrated suppliers. "Vertically integrated suppliers give you the relationship," says Pathmark's Carlson. "They know what you're looking for. You have the planning and logistics set rather than switching to different people. There is a consistency in keeping with the same supplier. They act as your expert to walk you through the whole thing. The demands of a chain store are tremendous. The last things we need are supply, quality or delivery problems. I need people who understand what we're looking for and can deliver it on a consistent basis."

Consultant DiPiazza adds, "If you have a strong relationship with a supplier, you can leverage the relationship year-round."



Photo courtesy of Fisher-Capespan



Photo courtesy of The Oppenheimer Group



Photo courtesy of The Oppenheimer Group

Suppliers who are vertically integrated are perceived as providing greater control throughout the system than those that are not. "Vertically integrated suppliers have all the connections set, have people in place to work the logistics, and will ensure their product gets through correctly," notes King's Kneeland. "Since it's their product, they want to see it on the shelf the right way."

"As a grower-owned company, we want to be the interface making the delivery and having control on the shelf," agrees Southwood of Fisher-Capespan.

"Not many people have the expertise we do with regard to China, from the farm all the way to the distribution point," I Love Produce's Provost says. "This is what differentiates us. There are many importers who are brokers but don't market the product, and there are marketers who don't have the connections in China. We have complete control of our product from the farms to the distribution point."

While vertical integration is a relatively new concept in North America, those dealing

in Europe have experience. "As a South African-owned company, we have focused greatly on European retailers who are many times ahead of their U.S. counterparts principally because Europe has a higher propensity to import fresh produce than the United States," explains Southwood. "Capespan geared itself up almost a decade ago to become a vertically integrated company in response to the needs of the European market. The degree varies depending on what parts of the world we service, but now in North America, it's starting to happen more and more."

### Risk Factor

Retailers looking at vertical direct importing must make an informed decision. "While the whole concept of going direct sounds great, there are a lot of things that can go wrong," explains DiPiazza. "You can't discount the behind-the-scenes service and work done by the suppliers or importers, which adds significant value. For example, just keeping the payments straight with transportation

providers can be a time-consuming task."

"You have to weigh the extra work it takes to import, for example, trying to control quality at multiple ports, transportation logistics, etc.," Kneeland adds. "You take a risk committing to product and if it doesn't come in or doesn't come in right — then what do you do?"

Several factors, including product-specific characteristics, influence risk-taking decisions. "Retailers sourcing directly are realizing there are some product items where it makes absolute sense to go as close to the source as possible and other product items where it doesn't," notes Southwood. "On heartier products, such as apples and pears, it may be easier, but on some of the more sensitive items it may not."

"You must look at the velocity and volume of the item as well as what the perishability is," according to DiPiazza. "It's important to carefully think through the pluses and minuses of trying to directly import a highly perishable item such as raspberries versus an item that provides more shelf-life stability such as citrus or even grapes."

"At the moment, the retailers who are executing sourcing projects tend to focus on the volume items where there are established trade flows, for example, citrus and table grapes," Seald Sweet's McEvoy says. "We'll probably see many variations on the sourcing business model, which will in turn lead to new collaborations between the retailer and the importer as they try to optimize experience with new opportunities for growth."

Retailers are advised to balance the associated risk. "If you're buying 30 percent from source and 70 percent from other suppliers, you have the flexibility to decrease the 70 percent and still be able to accommodate the 30 percent you're committed to," Southwood continues. "But as you approach a higher percentage of direct, it gives you less flexibility to decrease product volume if the market changes since the product may already be on the water. This is why it makes sense for the big retailers to do some directly yet still work with vertically integrated suppliers."

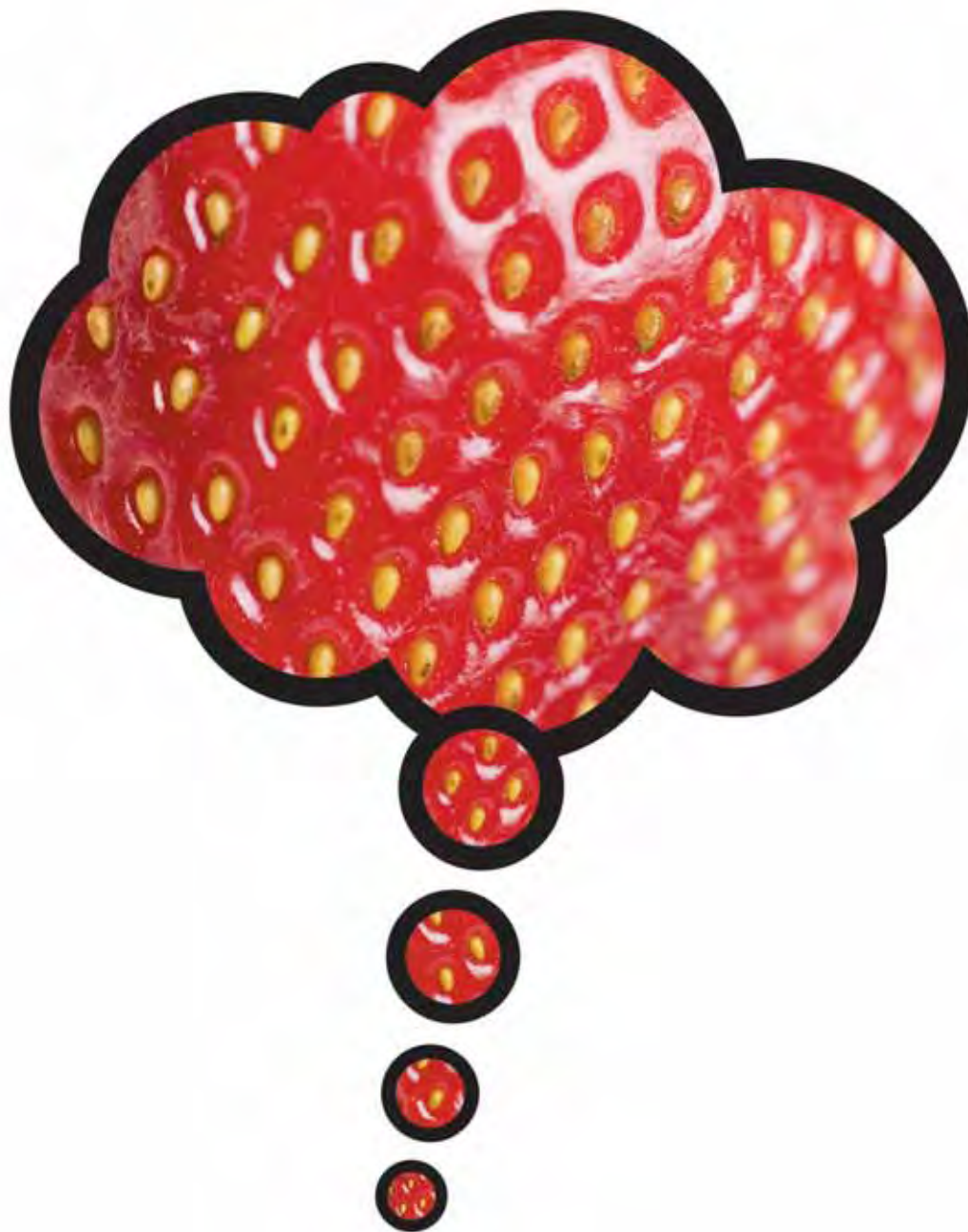
Retailers should look at what best fits their

needs. "You just have to compare the merits of the two programs," says DiPiazza. "Clearly, the vertical supplier provides additional service that has a cost associated with it. To direct-import, you have to invest organizational resources. As in any other procurement decision, you have to make some judgments and comparisons on which is going to work best for your business."

"The challenge for retailers exploring a global-sourcing business structure is the recognition they need to develop a core competency in the field and this is an issue of resource allocation," McEvoy says. "Do you develop this extension to procurement or utilize the funds to expand merchandising? There will always be tradeoffs!"

According to Wal-Mart's McKnight, retailers should take into consideration what they believe is important in their business model and what they want to invest in. "If you want to spend more on retail infrastructure and less on supply chain, then align with the right providers who'll invest in competencies you





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won't," he advises.

"I use a phrase, 'Visibility, Influence, Control.' Gain visibility and knowledge of what happens upstream, so you are well informed of the products and practices bringing them to your consumer. Be sure to influence aspects that need to change for the better in a collaborative professional fashion where you are part of the solution. Finally, depending on your goals and requirements, take a stand and control some critical aspects. No matter your size, you should want to make imports work and complement your domestic production," McKnight continues.

### Size and Expertise

The size of retailers and suppliers plays a big role in their ability to integrate vertically. "The whole aspect of vertical integration rests on what type of retailer you are," states Fisher-Capespan's Southwood. "If you're large enough, then it may make sense, but if you're small or regional, it may not make sense."

"The retail trend to import direct depends

"Big retailers may have the ability to import from various sources," according to Jose Luis Obregon, managing director of the Hass Avocado Board, Irvine, CA. "The smaller retailers don't have the time or resources for it. They can dial directly to one particular supplier who can offer all three sources and all the options, which benefits the smaller and medium retailer. They will have all the options with only one phone call."

Vertically integrated suppliers and importers provide important functions, which can be difficult for retailers to take upon themselves. "It's not just about growing an apple and shipping it to the store," explains Oppenheimer's Anderson. "There are many steps and regulations in between. Management of food-safety programs, logistics and forecasting can be challenging for retailers who deal directly with producers. Also, when sourcing directly, retailers are often obliged to take a full range of sizes, including harder-to-sell items."

Pathmark's Carlson agrees, noting, "Growers want you to move their off grades, premi-

tion in price, variety and size. With more supply, there are more options for stores. There are some stores that prefer to pay a different price given the origin, some are more quality-oriented and others are more price-oriented depending on the store's philosophy. This gives them flexibility to choose. Fifteen years ago, they had no choice; with the imports — now they have a choice of choosing whatever is better in line with their business," he continues.

As the import deals progress, suppliers can offer more advanced programs. "Suppliers are putting more programs together and outlining in advance if it's seasonal produce, the length of the season and what their needs are," Keystone's Schweitzer explains. "Retailers are partnering with suppliers who have these types of programs. We are seeing more of this type of purchasing as opposed to weekly buying via brokers or wholesale markets."

"Suppliers are working with retailers to create programs specific to their shoppers and helping assure the success of the products at retail," Anderson notes. "This could mean



Photo courtesy of Hass Avocado Board



Photo courtesy of Keystone Fruit Marketing



Photo courtesy of Keystone Fruit Marketing

on the size of the company and the grower as well," King's Kneeland agrees.

"I do believe size matters in some aspects," McKnight says. "In Wal-Mart's case, we already move a tremendous amount of goods around the world successfully. We want to leverage that experience and strength. It also has to do with diversity of the size. For a retailer doing business in one country versus 14 countries, the needs are different and there are fewer vertically integrated suppliers providing service to all your markets. There tend to be good service providers to one market or maybe two. This is a big factor for us."

For small- or medium-sized retailers, the vertically integrated supplier may offer the best support. "In a sense, you're looking at your total volume with a vertically integrated supplier, be it imported or domestic, and hopefully, you are gaining some advantage," consultant DiPiazza notes. "For example, if you are working with a year-round supplier, you should expect promotional support for the full line of products they sell you."

um and medium fruit. They want someone who can go across the whole supply chain and be able to move their entire product. This service is worth something to them and is part of the value the importer provides suppliers. Also most importers are better at handling rejections, communicating with the growers and handling logistics."

Retailers will find vertically integrated suppliers give them alternatives. "Vertically integrated suppliers are a facilitator of options," according to Southwood. "We manage a lot of the problems to give retailers a seamless supply of product, which allows them to focus on their business."

"Marketing companies that have a packing house in California and import from Chile and Mexico can offer product to the customer year-round," Obregon states. "Traditionally, California packinghouses handled the three sources, but now you have importers offering imported-only product from Chile and Mexico."

"A company that offers multiple sources offers the benefit of availability and differentia-

focusing on certain varieties, or creating special packs. In addition, suppliers are carrying the larger burden with respect to navigating the supply chain and assuring all standards and protocols are met.

"Some marketers offer more sophisticated services as well," he adds. "For example, our category-management practices enable us to evaluate the demographic makeup of the neighborhoods where stores are located and recommend the optimum product/pack mix within a category for retailers."

"In the future, there will likely continue to be juxtaposition between the consolidation of large food producers for improved economies of scale and the movement toward small, local production and the slow food phenomenon," says Thompson of Bryant Christie. "This market segmentation has significantly impacted food marketing in developed countries and may do the same in developing economies in the years to come as upper- and middle-class consumers look beyond price to quality and production practices to make purchase decisions." **pb**



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# Central American Produce Poised For Growth

*Variety, proximity and quality draw worldwide interest.*

BY DUANE CRAIG

**Central America is an important region for keeping the produce bins full throughout the year; its fruits and vegetables help fill consumer desires for variety and healthful foods.**

"Recent trends show retailers carrying a variety of tropical fruits to cater to the various ethnic groups and Americans' curious palates," notes Dionysios Christou, vice president marketing for Fresh Del Monte Produce, Inc., Coral Gables, FL. "Thanks to Central America's soil and tropical climate, retailers are able to provide an array of produce to meet these consumer demands. Retailers also know that because of the proximity, their produce providers can better control fruit quality, food safety, traceability, environmental, and social conditions. Therefore, they are able to offer their consumers only the best."

According to Mary Ostlund, director of marketing for Brooks Tropicals, LLC, Homestead, FL, while other places harvest produce at various times during the year, "If you're getting it from Central America, it's often the closest place to the U.S. market. You get better shelf life and fewer worries because it doesn't have to travel as far. I'm not surprised Central America has become central to the retail produce section."

Lou Kertesz, vice president of Fresh Quest, Inc., Pompano Beach, FL, emphasizes Central America's variety of microclimates and its rich soil. "The climate is diverse with mountains, deserts, high altitudes and low altitudes. When you also consider the rich soil with volcanic nutrients, it means Central America has growing regions for almost all commodities." Crops grow much faster, he adds, as in the case with cantaloupes, which take half the time as they do in other locales to reach maturity.

Others point out the quality of Central American produce. "The main thing is that we are always striving for quality," notes Michael Warren, president of Central American Produce, Inc., Pompano Beach, FL, "so we're always improving the land, we're always improving the methods of cooling, and we use innovative packaging." He refers to special atmosphere-controlled bags that help melons arrive in stores at their optimum condition.

## HURRICANES IMPACT

Late summer's hurricanes that struck the area appear to have left a mixed bag of crop damage in their wakes. "We had considerable crop damage, but we are much more optimistic than we were at first," explains Ostlund. "We're seeing younger crops and crops that were further south of the storm having survived. The day after the hurricane, we had a 90-member cleanup crew out in the fields resetting trees and we started planting literally two days after the storm." She credits the company's experience with hurricanes at its base in Florida as key to minimizing crop damage.





"We were able to bring all our seedlings from our nursery into the packinghouse," Brooks' Ostlund continues, "so we literally have a full complement of seedlings to go right back into the field."

Robert Colescott, president and CEO of Southern Specialties, Pompano Beach, FL, says Hurricane Dean affected the papaya plantations severely. "Papaya trees have a very shallow root system and whenever you have strong gusts of wind, there is a good chance they will be uprooted. Expect to see production start to recover by December, but you won't see heavy volume until March.

"In Guatemala, Hurricane Felix attempted to cross the country, but the Highlands prevented the storm from continuing its path and poured heavy rains for days. We had mud slides in some growing regions, but no major crop damages because of the time of year," he adds.

Central American Produce's Warren and Fresh Quest's Kertesz report little to no damage. Both welcomed, to some degree, the rain in advance of the planting season.

#### ON THE HORIZON

Importers are moving forward with new crops and reviving some that used to be prevalent in the area.

Brooks is close to achieving healthy vol-

umes of its Caribbean Sunrise and Caribbean Red papayas. "We are replanting with seedlings that we feel have the best in taste and better shelf life," Ostlund says. "Next year, in January and February, we

may be ramping up volume. But for the entire year, we think we'll have larger volumes than last year." Brooks has more than five years of research and development into the new plants.

## Availability Complements Other Sources

**L**ou Kertesz, vice president of Fresh Quest, Inc., Pompano Beach, FL, notes that Europe is beginning to look more to the Central American region for sourcing and he believes that it will eventually compete against the North American market especially in areas of food service and processed foods.

Robert Colescott, president and chief executive officer of Southern Specialties, Pompano Beach, FL, pictures Central America in a long-term produce relationship with U.S. consumers. "I see a great future for Central American grown products as farming operations in the United States discontinue various commodities and resort to growing more profitable crops, or develop their land into real estate projects," he says.

Michael Warren president of Central American Produce, Inc., Pompano Beach, FL, highlights how Central American produce fits into the larger sourcing picture. "Guatemala is the first area that can really come in with melons and it comes in just at the end of the domestic deal," he says. "Then Honduras starts middle to late December and Costa Rica at the latter part of January. As far as mangos go Central America is a good fit. Now there are mangos coming from Brazil then Ecuador comes in toward the end of October. In December, you get Peru and then it moves back to Central America for February, March and April."

Fresh Quest's Kertesz emphasizes that there are commodities like sugar snaps, pineapples, papayas and asparagus that are available year-round with only minor gaps. **pb**

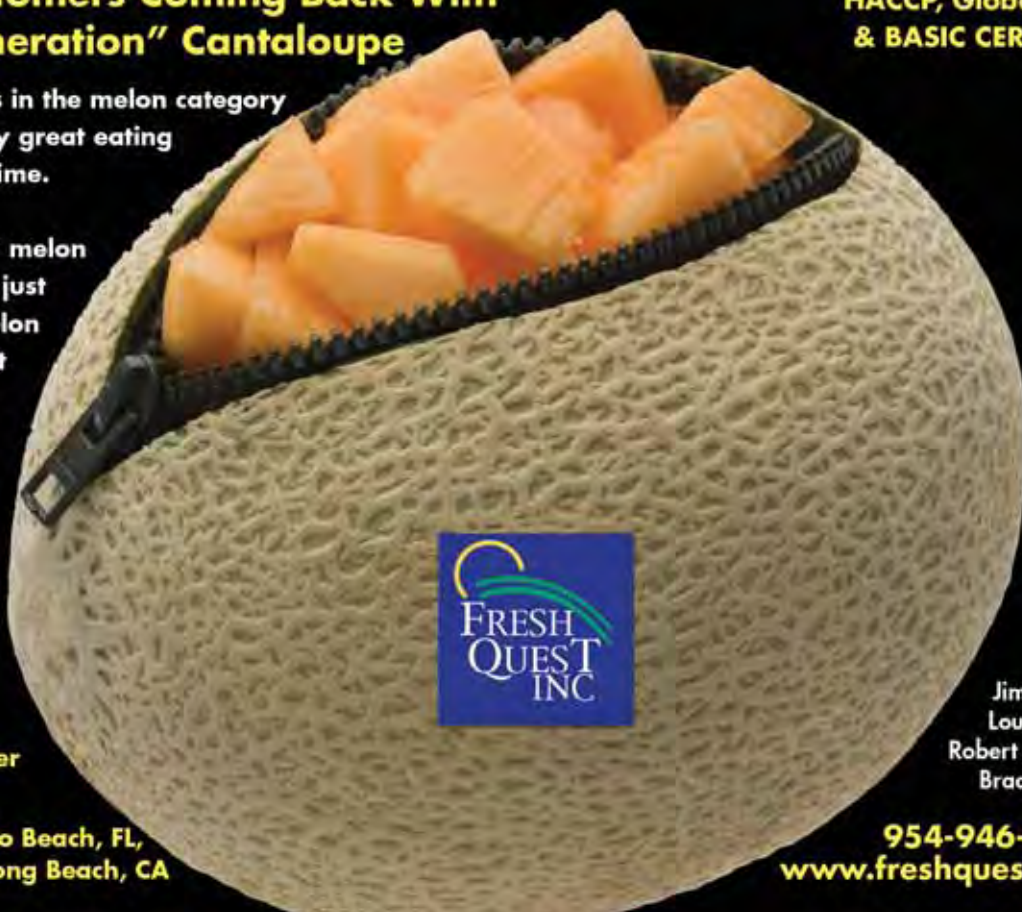
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Central American Produce's Warren observes Central American cucumbers gaining popularity along with greenhouse peppers. He also sees more interest in mangoes from the region since they come in during February, March, April and May.

"New products on the horizon include mangosteen, rambutan and macadamia nuts," relates Southern Specialties' Cole-scott. "New programs for us from Guatemala include a Persian lime project and a melon program. A group of large landowners involved with growing coffee for more than 50 years started converting the coffee farms into lime plantations approximately four years ago. Our business plan involves marketing more than 1,000 hectares of fresh limes, and some of the by-products will include a juicing operation, frozen concentrate and oil."

Fresh Quest's Kertesz points to items such as squash coming on line to fill in domestic gaps in supplies at certain times of the year. Particularly with rising freight costs, he believes berries will begin to develop more since they would be less expensive to bring in from there.

Martin Maldonado, who handles procurement and grower relations for Team Produce International, Inc., Miami, FL, says his



company is diversifying by getting into oriental, southern Pacific and Caribbean items such as bok choy, taro plant, yuca and boniato. The company is working to get its avocados approved for U.S. import, and while it currently imports blackberries, it is also looking at raspberries and blueberries.

"As Americans become more interested in different cuisines, they crave new exotic fruits and vegetables, like baby and red bananas," says Del Monte's Christou. "They also seek already available exotic fruits, such as plantains, to create their own versions of Latin American or Asian cuisines." **pb**

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# Maximizing Profits With Imported Sweet Onions

*Demand for south-of-the-border commodity is hot whether the weather is fine or not.*

BY CAROL M. BAREUTHER

**Say sweet onion and mental images of a backyard barbecue with hamburgers sizzling on the grill come to mind. But, today's consumers are demanding sweet onions year-round — sun or snow.**

"We carry sweet onions year-round, including imports during the winter," says Randy Bohaty, produce director for B&R Stores, Inc., a Lincoln, NE-based 15-unit chain that operates under the Super Saver and Russ's Market banners. "It's not so much that consumers ask for them, although they will ask for Vidalias by name. It's more that they just expect to be able to buy a sweet onion whenever they shop."

Imported sweet onions fill the gap in supply when domestic sweet onions aren't available. And, except for last season when weather and growing conditions combined to reduce the storage onion crop and it was necessary to also import storage onions, U.S. importers primarily look to source sweet onions internationally.

Rodger Helwig, marketing communications director for OsoSweet Onions, San Francisco, CA, agrees. "They are a significant profit center for produce departments this time of year."

Data that tracks sweet onions exclusively isn't available, however industry experts figure about 95 percent of all onions imported from the Southern Hemisphere are sweet. From September 2006 through February 2007, 137 million pounds of onions, representing \$21.5 million were collectively imported from Peru, Chile, Brazil, Argentina, Ecuador and Bolivia,

according to the U.S. Department of Agriculture's Economic Research Service (USDA/ERS).

## SOUTHERN AND NORTHERN HEMISPHERE SOURCES

Southern Hemisphere sweet onions are available in late September through February from Peru and Chile. "What's important to us is to source out a sweet onion that tastes as mild as a Vidalia or Walla Walla," Bohaty says. "That's what we're looking for."

Kurt Schweitzer, owner and vice president of Greencastle, PA-based Keystone Fruit Marketing Inc., marketers of Mayan Sweets, agrees that consistency in mildness is key for year-round sweet onion sales. "We knew from growing Vidalias what we were looking for in an imported onion. Peru has ideal conditions for growing a Granex-variety onion. Vidalias are Granex. There's consistent weather with temperatures that only vary about 15° F, desert-like coastal conditions and sandy low-sulfur soils.

"The earthquake back in August did hit near the major onion growing regions," he continues. "The crop didn't get irrigation for about five days and stayed in the ground a week or so longer. In spite of this, we expect good quality and volumes up 15 to 20 percent this season."

In addition to volume, says John Shuman, president and director of sales, Shuman Produce, Inc., Reidsville, GA, "The crop is sizing more to the jumbo and colossal size this season."

According to Robert Schueller, director of public relations for Melissa's/World Variety Produce, Inc., Los Angeles, CA, "We began importing organic sweet onions from Bolivia in February. Currently, they're available from December to August, but we're working on year-round supply. We will see a 200 percent increase in supplies this coming year."

Grown at high altitudes in the Andes Mountains, the Bolivian-sourced onions are sold either in bulk in a ready display case with sign back or in a 3-count Vexar bag with header card and two recipes.

Both OsoSweets, imported by Saven Corpora-





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tion, Waterford, MI, and Patagonia Sweets, imported by Curry & Co., Brooks, OR, are sourced from Chile and available from the end of December through the end of March.

"Our onions have been grown at the base of the Andes for the past two decades," OsoSweet's Helwig explains. "This will be the basis of our new trade and consumer advertising/public relations campaign theme, *20 Years/No Tears*. We are looking forward to another successful year with good volumes of high-quality sweet onions. It's too early to make predictions on volume, but the crop looks to be comparable to previous years."

Matthew Curry, president of Curry, notes, "This is our second season, and we expect to bring in 350,000 to 400,000 boxes."

This season, Potandon Produce, LLC, Idaho Falls, ID, will start sourcing sweet onions out of Mexico after several years of development and trial. The onions will be available starting at the end of November and run through the end of March.

"We've worked to develop a sweet onion program out of Mexico during the winter that offers retailers a savings in freight cost over sweet onions imported from the Southern Hemisphere," says Dick Thomas, vice president of sales. "Half of the onions will

be round-shaped while the rest will be flat. All of our onions test out as having a pyruvic acid measurement less than four."

During the last few years, seed companies have developed onion varieties that will grow during the spring and summer when the days are long, traditionally known as long-day varieties, that will certify as sweet. This onion has a rounder appearance than the typical flat shape normally associated with sweet onions.

## THE AWARENESS CHALLENGE

The two biggest challenges in merchandising sweet onions in the winter are a lack of brand name recognition and consumer education about their availability.

"If they're not Vidalia, consumers tend not to look for them. Maybe that's why we see higher sales of sweet onions during the warm weather months," notes Jose Manzano, director of produce at Dorothy Lane Market, a 3-store chain based in Dayton, OH.

The sweet onion is the fastest-growing, highest-margin part of the entire category, according to Chris Eddy, central region vegetables sales manager for Duda Farm Fresh Foods, Oviedo, FL. "Many times, it gets displayed or rung up as a regular yellow onion.

I would say that through packaging, displays and signage, retailers could separate the sweets from the yellows and help each product retain its identity."

Melissa's Schueller agrees: "Sweet onions don't get a significant amount of display space during the off season. This message, that they're in-store and available, needs to be better communicated to customers."

Barry Rogers, president of Sweet Onion Trading Corporation, Palm Bay, FL, suggests rotating sweet onions in ads and notes, "Good visibility on the shelf will always boost sales."

## SWEET MERCHANDISING OPPORTUNITIES

Imported sweet onions naturally dovetail with domestic availability for a seamless supply all year long.

"Domestic sweet onions are running out and are actually becoming a bit more pungent at the end of their season," says Keystone's Schweitzer, "so it's a perfect time for imports to move right into that shelf space."

Take a look at these three major tips for better merchandising and marketing sweet onions during the winter months:

**1. Make sure customers know sweet onions are available.** At B&R Stores, says

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# Retail Action Plan

**Varieties and Sizes:** Stock sweet onions during the winter. Offer both colossal and jumbo onions bulk and medium sized onions in bagged form.

**Education:** Use point-of-sale signs and brochures to teach consumers where sweet onions are grown during the winter. Holiday or cold-weather recipes can also be incorporated in a display or handed out during demo sessions.

**Space and Display:** Create an onion destination within the produce department and use prominent signage to spotlight imported sweet onions.

Cross-merchandise sweet onions next to bagged salads within the produce department and display them in the meat, deli and/or bakery departments.

**Packaging Options:** Offer both loose and packaged onions. Packaged onions appeal to convenience shoppers.

**Attention to Care & Handling:** Maintain sweet onions in a dry, cool, refrigerated store-room or display area to assure best quality and reduce shrink.

**Promotional Ideas:** Promote onions in-store or on ad during key holidays and events such as Thanksgiving, Christmas, New Year's and the Super Bowl.

Capitalize on seasonal excitement within the category by highlighting each sweet onion variety as it comes to market.

pb

Bohaty, sweet onions are displayed as part of the onion category. They typically occupy a 2- to 4-foot deep space in the winter-time, primarily merchandised in bulk but occasionally in bags. "We spotlight them via signage," he explains.

There's nothing like a mass display, using a supplier's point-of-sale materials, to move product, says OsoSweet's Helwig. "We provide banners, point-of-purchase cards and new bag toppers that tell our story in a colorful way to attract consumers."

Brad Cook, Duda's marketing manager, agrees. "We suggest retailers utilize POS materials to identify the imported onions and focus on their sweet characteristics. Retailers can capitalize on the imported issue by relaying to their consumers that they look far and wide to continue to bring them onions — even when they can't be found on U.S. soil."

Another suggestion, says Helwig, "is to move displays to the front entrance of the store when on ad to increase sales."

Most imported sweet onions are jumbo or colossal size and therefore displayed in bulk. "The size of the onions makes for a gorgeous big bulk display," according to Curry's Curry.

"We have a large retail customer who wanted to offer both bulk and bagged," he adds. "That's why we now pack some of our smaller sweet onions in upright vert bags. The packaging provides an opportunity to tell customers where the onion is from and also provides them with usage tips and recipes. These are all effective sales tools."

Shuman's Shuman recommends, "Display 2-, 3- and 5-pound bagged sweet onions in bins near high-traffic areas during holi-

days and peak volume periods."

**2. Capitalize on the fact that no one eats an onion by itself.** There's a prime opportunity to feature sweet onions in recipes during the winter when there isn't a lot going on in the produce department, advises Helwig. "We tend to eat more savory foods in the winter, which typically include onions. It's probably one of the biggest times of year for soups and stews, which wouldn't be the same without onions. For dieters with New Year's resolutions to lose weight, sweet onions taste great and have no fat or cholesterol — a perfect diet food."

He suggests cross-promoting sweet onions with Super Bowl party displays, including all the fixings for making salsas and guacamole. "And cross-merchandise them with soup, stew and chili ingredients. It's also a great time to tie-in with winter root vegetables, which also make great soups and stews. Think comfort food."

Curry says increased sales can be garnered by displaying sweet onions near the bagged salads.

Think summer in winter, recommends Cook. "Consumer research has shown grilling is now a year-round form of cooking. Cross-promoting sweet onions with a protein for grilling in the winter slot can be very effective."

The escalating price of meats and poultry are providing opportunities to move sweet onions to the center of the plate, says Keystone's Schweitzer. "Onions can help to extend a dish. For example, merchandise sweet onions next to the ground beef."

Unique and new ways to cook with sweet onions can also boost sales, he adds. "Our chef at the Keystone Kitchen, David Mun-

son, has innovated several recipes. For example, he demonstrated a Sweet Onion Bisque with Caramelized Onion Rings during a new store opening at Wegman's in September."

On a similar note, Sweet Onion Trading Company prints recipes directly on the onion bags. "This works well and attracts a certain type of customers looking for other ways to incorporate sweet onions into their meals," Rogers says. "Many are looking for a well-cured sweet onion with a reliable taste."

Keep in mind that Hispanic consumers are big onion buyers. "We continue to provide new recipes using sweet onions, such as salsa and fajitas, that draw Hispanic customers to the category and up-sell them to this variety," Schweitzer says.

New this season, the company will offer its Keystone Kitchen Certified Sweet Onion Rings and Petals kit. It comes with fresh-cut sweet onions, in rings or petals, along with seasonings. The product requires refrigeration and has a 16-day shelf life.

**3. Advertise and promote in winter and summer.** Imported sweet onions are advertised regularly at B&R stores, Bohaty says. "The benefit of carrying a sweet onion year-round is that consumers don't see huge price swings from only carrying a regular yellow onion and then bringing in a sweet onion. There's no negative reaction with a 12-month program as consumers get used to seeing the higher-priced sweets."

Last year, due to supply and demand issues, storage and sweet onions were priced nearly identically. "We won't see that this year," says Bob Debruyne, president of Debruyne Produce, based in Zeeland, MI. "Growers and shippers will be pushing as many sweet onions as they can into distribution channels."

During fall and winter, the biggest peaks in demand for sweet onions are Thanksgiving, Christmas and New Year's, according to Derrell Kelso, Jr., owner and president of Onions Etc., based in Stockton, CA. "Advertise to let consumers know you have sweet onions in stock. You can also offer promotional pricing."

This time frame is when "some retailers promote sweet onions every other week," adds Schweitzer.

Beyond New Year's, Helwig advises retailers to advertise prior to the Super Bowl in February.

"Let customers know where the sweet onions are from and that they aren't available all year, so they should buy now," Curry advises. "You can continue this theme by announcing each growing area as it comes into production. This way, you keep infuse some seasonal excitement into a year-round category."

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# Winter Merchandising

*Warm up sales with cool produce promotions.*

BY CAROL BAREUTHER

**To heat up produce sales during the long, cold winter, retailers need to target key holidays and events to sell an avalanche of fresh fruits and vegetables.**

According to Karen Caplan, president and CEO of Frieda's, Inc., Los Alamitos, CA, "From Thanksgiving through New Year's is one big eating holiday, so produce sales are among the highest of the year. After the New Year, there are a number of winter holidays and observances that are ideal for promotions." How many of these retailers focus their promotional efforts on depends on "labor issues and the produce staff's creativity," she adds.

## CHANUKAH December 5

Also known as The Festival of Lights, Chanukah is an 8-day religious holiday celebrated by those of the Jewish faith. Traditional dishes are an important part of the commemoration.

"Potatoes, regular Russets, are an ideal item to promote for making latkes, or potato pancakes," says Caplan. "Some retailers will cross-merchandise potatoes with ingredients used to make latkes like onions, eggs and matzo meal or items that are customarily used to top the latkes, such as applesauce and sour cream."

Other ingredients that merchandise well for Chanukah are "white pearl and white boiler onions and shallots; specialty vegetables such as

horseradish, parsnips and celery roots; fresh herbs; and dried fruits and crystallized ginger," notes Robert Schueller, director of public relations for Melissa's/World Variety Produce, Los Angeles, CA,

## CHRISTMAS December 25

In the weeks leading up to Christmas, Caplan suggests retailers promote dried fruits and nuts for holiday baking. "Dried cranberries, dried blueberries and dried gogi berries are a few fun choices."

In terms of gift giving and holiday parties, Frieda's encourages unusual items for Christmas fruit baskets. "For example, lady or crab apples, baby pineapple, dried figs and winter pears," she says.

For holiday entertaining, the Pear Bureau Northwest (PBN), Milwaukie, OR, offers *The Ultimate Guide to Pears, Cheese and Wine*, a POS brochure. "This spiral bound, 42-page book provides entertaining ideas, serving suggestions and a wine and cheese pairing wheel tool," says Kevin Moffitt, president and CEO.

"In December and January, all varieties of Northwest pears are available in good volume," Moffitt says. "The Bartlett's are finishing up and winter specialty pears such as Comice, Seckle and





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Fernelle are also available."

Of course, Christmas Eve and Christmas Day are prime times for traditional, large-family meals. "Christmas, when families get together and prepare big traditional holiday meals, is the biggest sales holiday of the year for potatoes," says Ted Kris, marketing director at the Northern Plains Potato Growers Association, East Grand Forks, MN. "Be sure to display a wide variety of potatoes and promote reds or some type of potato in every ad during the month of December."

Due to their popularity, Seth Pemsler, vice president of retail marketing for the Idaho Potato Commission, Boise, ID, advises against heavily discounting potatoes during the holidays and "give away your margin."

Frieda's Caplan adds, "Fingerling potatoes have become huge. We offer a 2-pound assorted bag for consumers who want to experiment but don't yet know which type they like best."

Although Thanksgiving is the peak demand for sweet potatoes, Wayne Garber, partner at Garber Farms, Iota, LA, says 40 percent of his crop sells for Christmas.

Weather problems in North Carolina and decreased acreage in Louisiana will make supplies tighter this year, Garber adds, but not enough to prevent promotions. "Pricing will still be reasonable, maybe 5 to 10 per-

## Sweetbay Supermarkets Feature Fresh Florida Strawberries

**F**resh Florida strawberries are featured throughout their season and most spectacularly during a weeklong in-store promotion in February at Sweetbay Supermarkets, a Tampa, FL-based 137-store chain, and member of Delhaize America, the U.S. division of Brussels-based Delhaize Group.

"Strawberries from Florida are one of the featured items we promote in a big way each year," says Steve Williams, produce director. "It's a real home-field advantage for us, especially being so close to the growers in Plant City. For example, we work with Astin Farms' [Plant City, FL] Sam Astin, who can pick the berries, pre-cool them, send them to our distribution centers and we can ship them out to individual stores all within 24 hours. Now that's fresh."

Each February, in conjunction with the Florida Strawberry Growers Association, Dover, FL, Sweetbay holds an annual display contest that spotlights strawberries. "It's one of our biggest merchandising contests of the year with 97 percent of our stores participating," he adds.

One produce manager brought a flatbed truck filled with strawberries into the store to portray a farm-fresh appeal. Others tied in angel food cake and shortcake from the bakery and whipped cream from the dairy aisle and assembled custom-made strawberry shortcakes-to-go for customers.



Photo courtesy of Florida Strawberry Growers Association

The displays are accompanied by front-page ads for strawberries during this promotional time period. Astin Farms and its family members are featured on in-store signage and in ads.

"This is a very successful promotion for us, and it's a great way to support local farmers and the local economy," Williams explains.

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Reader Service # 20

cent higher than last year."

At the same time, the quality coming out of Louisiana is excellent. "The appearance, shape, skin quality and density of the potatoes are really nice this year," he adds.

"Sweet potatoes cross-merchandise with so many produce and non-produce items," Garber's Garber says. "For example, they go well with pork in the meat department or with pears, apples and onions in produce."

Not everyone's idea of a traditional Christmas dinner is turkey, stuffing and cranberry sauce, says Melissa's Schueller. "The Hispanic community looks for chilies, chayote, jicama, yuca, cactus leaves and cubanelle peppers to make their traditional holiday dishes."

Mary Ostlund, director of marketing, for Brooks Tropicals Inc., based in Homestead, FL, agrees. "Holiday comfort foods for Puerto Rican and Caribbean families often include root vegetables like boniato, malanga and eddo as well as other tropicals such as calabaza and plantain."

Increasing availability of some ingredients, such as avocados and berries, are available for use in holiday dishes.

According to Jan DeLyser, vice president of merchandising, California Avocado Commission (CAC), Santa Ana, CA, "Imports are

now giving us good supplies of Hass avocados. About 71 million pounds are available during the month of December. To take advantage of this opportunity, we've developed recipes such as an avocado bread stuffing that's great with turkey and an avocado cranberry salsa."

Blueberries and blackberries out of South America are ideal for dressing up pies and other desserts, notes Chris Mayhew, vice president of marketing for Naturipe Farms, Salinas, CA. "We've also developed recipes using berries in sauces and marinades for hams and turkey."

## KWANZAA December 26-31

Kwanzaa, a weeklong festival honoring African-American heritage, consists of celebrations, gift-giving and feasting.

Greens are a traditional African-American 'comfort food', says Lisa Cliff, vice president of sales, Glory Foods, Columbus, OH. "They're on the menu every holiday, every Sunday dinner and all throughout the winter, but they're labor intensive to prepare. That's why we developed a line of pre-washed ready-to-cook greens."

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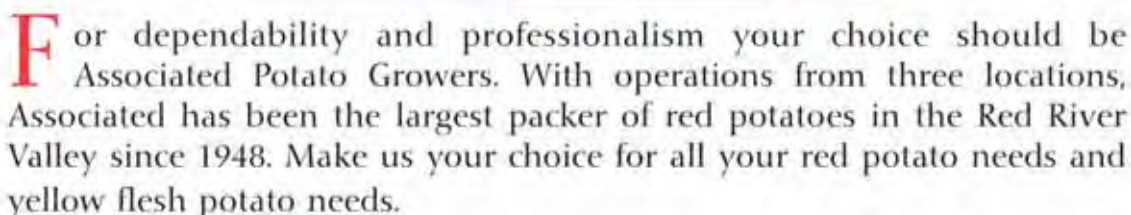
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## Dorothy Lane Market's Winning Avocado Displays For Super Bowl

**A**vocados are among produce items featured in newspaper ads and special displays for Super Bowl Sunday at Dorothy Lane Market, a 3-store chain based in Dayton, OH. "Super Bowl is a big promotional time for us," relates produce director, Jose Manzano. "That's why we build the display right in the front lobby, so customers can see it as soon as they come in. If they weren't thinking about stocking up for the big game when they came in, we make sure to entice them so that they do."

Avocados, and all the fixings for guacamole and salsa, such as tomatoes, garlic, onions and cilantro are incorporated into the display. Produce is paired with non-produce items such as chips, beers, dips and other snack fixings, for a total store contribution.

"We have fruit and vegetable trays pre-made for customers to buy for snacking," Manzano explains. "We also have a nice display of baby carrots, celery, broccoli, cherry tomatoes and other ingredients for those who want to make their own vegetable trays."

pb

Cliff, followed by turnip, mustard, kale and a blend that combines mustard, turnip and kale greens.

"There's some regionality to greens sales. For example, we sell more turnip in Tennessee and Florida and more mustard in Chicago and Texas. It's important to merchandise a variety to make sure you hit all customer preferences," Cliff adds.

To simplify greens making even further, Glory has introduced Savory Accents, a line

of three refrigerated seasoning bases in ham, smoked turkey and sweet honey glaze flavors. The line was introduced initially in Chicago, Atlanta, Florida and Alabama with a 55¢ instant redeemable coupon (IRC) accompanied by six recipes.

"Ideally," Cliff says, "we'd like to see the seasonings merchandised side-by-side the greens or in a rack



above with the salad dressings."

## NEW YEAR'S DAY January 1

The tradition of eating black-eyed peas for good luck in the New Year started in the southern United States during the Civil War.

Today, "Eating black-eyed peas on New Year's has evolved into a national custom," says Frieda's Caplan. "Some people combine them with fresh cooking greens, likening the peas to coins and the greens to money. Others make Hoppin' John — black-eyed peas cooked with rice, pork and seasonings. These different usages offer several ways to cross-merchandise black-eyed peas."

Frieda's sells pre-soaked black-eyed peas, which cuts cooking time down to 20 minutes.

## NATIONAL DIET MONTH January

More than 100 million Americans make a resolution to lose weight in the New Year. It's no wonder then that January



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is National Diet Month. Capitalize on this by pushing healthful foods to the forefront in displays, advertising and promotions.

"Good items to promote this time of year are vegetarian items, such as tofu, hummus and organics — navel oranges, grapefruit, lemons, green and red bell peppers, cucumbers, zucchini, onions, cherry tomatoes and celery," advises Melissa's Schueller.

Organic is definitely a growing market for carrots, notes Phil Gruszka, vice president of marketing, Grimmway Farms, Bakerville, CA. "According to IRI data for the year ending July 1, sales of organic carrots in all forms were up 19 percent. We've been seeing double-digit growth like this for the last few years," he says.

Grimmway launched a redesign of its organic carrot packaging this year in response to consumer demand to see more product than graphics. The company also expanded its organic carrot line to include chips, shreds, dippers and yellow carrots.

Samantha Pinkerton, account manager, Sunnyridge Farm, Inc., Winter Haven, FL, believes the health buzz is boosting sales of berries. "There is a good supply of imported blueberries and blackberries this year for promotions from December through January. There may also be promotional oppor-

## B&R Stores Ring In Chinese New Year With Special Produce Promotion

**A** larger variety and volume of Asian fruits and vegetables are on display in the weeks before and after the Chinese New Year at B&R Stores, a 15-unit chain based in Lincoln, NE that operates under the Super Saver and Russ's Market banners. "Key items include Napa cabbage, bok choy, ginger root, daikon, snow peas and sprouts, along with many types of tofu and wrappers, such as wonton and eggroll," according to produce director Randy Bohaty.

These items are showcased on 4-foot by 4-foot or 4-foot by 8-foot refrigerated displays, depending on the size of individual stores' produce departments. "We'll sign the display and make sure all the items are clearly identified, Bohaty says. "After all, we've found that these ingredients are sought after by both our Asian and non-Asian customers for Chinese New Year's celebrations."

**pb**



tunities for some larger size packages of berries this year. This volume increase is due to more plantings having gone into the ground and now coming into production. For example, Argentina has been doubling its production every two years."

Build a berry-patch display with this increased volume of fruit, says Naturipe's Mayhew. "Also, cross-merchandise berries with bagged salads for customers who want to eat more healthfully in the new year."

*Continued on page 50*

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Continued from page 47

Chock-full of the antioxidant beta-carotene in its deep-orange flesh, Caribbean Sunrise papaya will rebound to full volume by February following field destruction in Belize after August's Hurricane Dean, says Brooks' Ostlund. "Merchandise a cut and wrapped slice of papaya in a display so customers can see the beautiful color of the flesh. You can also wrap a slice with a spoon for customers to buy as a healthy grab-and-go snack."

## NATIONAL CITRUS MONTH January

The domestic winter citrus crop is ripe and ready for promotion.

Claire Smith, public relations manager for Sunkist Growers, Sherman Oaks, CA, notes, "We don't anticipate any lingering effects of last year's freeze. The navel crop looks good and is projected at 86 million cartons with sizes averaging 88s, 72s and 56s. Peak volumes will be available in January, February and March."

No official numbers were available as of mid-September, she adds, but anecdotally, volumes of citrus specialties such as pummelos, satsuma mandarins, Fairchild tangerines, Minneola tangelos and cara cara navels look good.

In Florida, estimates for the 2007-08 orange crop range from 155 to 198 million boxes.

## NATIONAL GRAPEFRUIT MONTH February

Florida growers expect to harvest 27 to 28 million boxes of grapefruit from the 2007-08 crop. Leigh Killeen, director of domestic marketing for the Florida Department of Citrus (FDOC), Lakeland, FL, says, "Grapefruit is at its peak in terms of volume and flavor in January, February and March."

Grapefruit will be the focus of an FDOC national media campaign aimed at teaching customers about the fruit's flavor and nutritional benefits.

"Our hopes are that retailers will showcase Florida citrus in in-store displays, demos and feature advertising," says Pete Palmer, retail communications director.

One important message to get out this season, according to Killeen, "is that our fruit has experienced some wind scarring on the outside but it's very sweet and flavorful on the inside.

"Therefore, we encourage retailers to do visual sampling. That is, cut a piece of fruit, wrap it in clear wrap and place in on top of

## Bigg's Celebrates Summer In Winter With Chilean Fruit

**C**hilean fruit, such as grapes, peaches, plums and nectarines, is featured in two special ad promotions at Bigg's, an 11-store chain based in Milford, OH, and subsidiary of Eden Prairie, MN-based Supervalu, Inc.

"We typically run two types of ad promotions," explains produce director Marvin Lyons. "One features all Chilean products available and the theme is *A Taste of Chile*. The other focuses primarily on peaches and nectarines and we tag it as *A Taste of Summer in the Winter*. I'd have to say both are successful."

Chilean fruit is also featured in everyday in-store displays at Bigg's during the winter. "The quality of Chilean fruit has come a long way over the years," Lyons comments. "It's important to let customers know this through demos, pamphlets and promotions."

Finding shelf space for summer fruits in the winter isn't easy, he adds. "We give the winter imports a fair amount of space and they're an important contributor to total produce sales, but there's also a lot of competition this time of year for space and promotional activity by categories such as apples and citrus. It's a year-round business on everything now." **pb**

the display so customers can see what it looks like on the inside," he advises.

## CHILEAN FRUIT SEASON January and February

Chilean fruits, such as peaches, plums, nectarines, grapes and cherries, should be available in promotable volumes this winter, relates Tom Tjerandsen, the North American-based managing director of the Chilean Fresh Fruit Association, headquartered in Santiago, Chile. "Initial field assessments suggest the majority of our fruit may have actually benefited from the additional chill hours that accompanied an August freeze."

He advises retailers to incorporate point-of-sale materials provided by CFFA into displays. Available POS material includes full-color bin wrap, price cards, shelf talkers, maps and posters. Waterfall, floor and end-aisle displays that maximize color, choice



and selection are also effective.

Tjerandsen suggests leveraging 'Summer Fresh' Chilean fruit sales by encouraging add-on purchases of traditionally high-margin items such as canning supplies, baking mixes and ingredients, smoothie mixes, croutons, dressings, toppings, packaged salad mixes and more.

## SUPER BOWL SUNDAY February 3

The No. 1 holiday for avocado sales, Super Bowl Sunday resulted in a record 63.1 million pounds of avocados sold for the event's promotions in 2007, according to CAC's DeLyser. "This number represents all avocados, however less than 5 percent represents varieties other than Hass. This year, combined availability of avocados out of Chile, Mexico and California will be around 80 million pounds in January and 71 million pounds in February."

The Hass Avocado Board, Irvine, CA, offers Super Bowl-themed POS materials including 7½-inch by 11-inch cards, as well as channel strips and posters that can be set on T-stands.

Retailers should creatively cross-merchandise avocados in the chip aisle or alongside beer. Within the produce department, tie-in all the fixings needed to make guacamole, including lemon, garlic, cilantro, tomatoes and onions.

Rodger Helwig, San Francisco, CA-based marketing communications director for OsoSweet Onions, asks, "What would guacamole, salsa, chili and other winter comfort foods be without onions? We get a tremendous boost in sales leading up to the Super Bowl. Our sales can increase 50 to 75 percent in the weeks before the big game."

In addition to guacamole and its fixings, "display dips like hummus, nuts and salsa fixings," adds Melissa's Schueller.

## CHINESE NEW YEAR February 7

The healthfulness of Asian foods and the celebration of the Chinese New Year combine to create the perfect opportunity to promote an array of items that might not be familiar to all customers.

Start promotions for the Chinese New Year "two weeks before the holiday and run them for two weeks after," says Frieda's Caplan. Daikon is big and so are broccoli, onions, baby bok choy, fresh ginger, garlic, Napa cabbage, long beans and noodles."

Melissa's offers retailers a Chinese New Year promotional kit. "The kit contains shelf strips, danglers and three sets of tear pads



Photo courtesy of Dorothy Lane Market

with recipes such as Ginger Chicken with Snow Peas," says Schueller.

"When selling to Asian-Americans, price items individually rather than by the pound, build clean organized displays with colorful signage and promote at least two specialty items for each week of the promotion," he adds.

"For non-Asian customers, use in-store circulars and/or handouts to describe items that require more explanation or usage tips. These techniques will help to build on an existing trade and develop new avenues of business," he concludes.

## VALENTINE'S DAY February 14

Heart-shaped strawberries are a natural for Valentine's Day promotions. This date corresponds to Florida's peak season. In fact, the state's Hillsborough County produces about 15 percent of the nation's strawberries or 16 million flats during the winter with a value of around \$200 million.

Sue Harrell, director of marketing for the Florida Strawberry Growers Association (FSGA), Plant City, FL, relates, "Key times for promotion are December, January, February and March. In fact, we host display contests with Sweetbay Supermarkets [based in Tampa, FL] and Publix [based in Lakeland, FL] in February and March."

To help retailers create dazzling displays, FSGA developed a new logo this season. Materials with the logo, such as posters and bin wrap, can be downloaded and printed directly from the Internet. There are also recipe cards that also contain fun facts and nutrition information about strawberries. FSGA also will provide a backroom poster to educate produce staff about care and handling of the berries.

For a Valentine's Day promotions,

Naturipe's Mayhew recommends "cross-merchandising strawberries with chocolate, crepes and whipped cream."

## POTATO LOVERS' MONTH February

Participating in the Boise, ID-based Idaho Potato Commission's (IPC) Potato Lover's Month (PLM) display and ad contest is a great way to boost potato sales.

Seth Pemsler, IPC vice president of retail marketing and contest coordinator, explains, "Winter is traditionally a slower time for produce sales. This contest not only creates excitement and drives potato sales, but also entices customers into the store to shop for other items as well. After all, you don't eat a potato dry."

Last year, 2000 stores participated in the promotion and the IPC expects the same or greater level of participation for 2008.

New this year, retailers can go online and order POS kits that will be sent directly to individual stores. The kits contain two sizes of signage, an inflatable Spuddy Buddy doll and possibly up to 100 IPC logo rub-on tattoos as customer giveaways.

In addition, retailers can easily submit their entries online by attaching a photo of either their display or their advertisement. To be eligible, displays must be set up for at least one week, contain bulk and bagged fresh Idaho potatoes and a dehydrated Idaho potato product, and incorporate two of the following three items: Kraft Cheez Whiz, Kraft 100 percent Grated Parmesan Cheese and Oscar Mayer Real Bacon Bits.

Beyond PLM, Pemsler says another big opportunity to sell more potatoes is cross-merchandising. "Tie potatoes in to a total meal, perhaps a meat and bagged salad all in the same display or ad for a whole meal promotion."

pb

## POST PMA CONVENTION REPORT



# EMERGING TRENDS

## Part 1



Photo by Dean Barnes

Each year *PRODUCE BUSINESS* examines what was new at Fresh Summit, the annual exposition held by the Produce Marketing Association (PMA), Newark, DE. In the past the magazine has looked at new products and innovations introduced at Fresh Summit.

This year, we will be examining the key trends we saw emerging at the convention, which was held in October in Houston, TX. In Part I of our multi-part examination, we will look at marketing to kids, packaging innovations and food safety. Future issues will cover corporate social responsibility and traceability.



Photos by Dean Barnes

## MARKETING TO KIDS

Taste, convenience and fun equal recipe for marketing success.

By Carol Bareuther, RD

**K**ids are tomorrow's customers. They're also today's consumers. Nearly 36 million children, ages 3 to 11, make up a compact consumer group that packs an estimated \$18 billion in purchasing power, according to the seventh edition of *The Kids Market in the U.S.*, a 2005 report published by Packaged Facts, a division of Market Research Group, LLC, Rockville, MD. By 2010, the research group estimates the kid's market to reach \$21.4 billion.

How can produce marketers tap into this bonanza of buying power? Here are the hottest trends in marketing fresh fruits and vegetables to today's kids.

### TASTE AND CONVENIENCE

One word comes to mind when Anthony Barberi, director of produce for Acme Markets, Malvern, PA, thinks about marketing produce to the kids and parents who shop his stores. "Taste. It's got to taste good," he states. "For example, my kid will sit down and eat an entire 2-pound clamshell of strawberries. It's all because of taste."

Children's produce consumption served as the focus of a 2007 survey conducted by Opinion Dynamics Corporation, Cambridge, MA, on behalf of the Produce Marketing Association (PMA), Newark, DE. More than 80 percent of primary shoppers/ consumers claim taste factors, such as their kids not liking or having had a bad experience with the taste of a fruit or vegetable, are somewhat to very significant barriers to consumption, according to the report. Seventy percent also

said they didn't have enough time in the day to fit in all the required servings of fruits and vegetables and that this was yet another obstacle.

Convenience is key so the trend is for produce companies to offer consumers a solution via snack-packaged produce.

According to Mark Bagley, senior vice president of marketing and sales for Sun-Maid Growers of California, Kingsburg, CA, "We've seen renewed interest in raisins by moms who want to buy a healthful snack for their kids. The ½-ounce box size fits easily in a toddler's hand and the 1½-ounce box is ideal for lunch boxes."

Making hard-to-fit fruits like pineapple easy to eat is the goal behind Sunkist Fun Fruit, manufactured and distributed by Sunkist Taylor, LLC, a Watertown, MA-based joint venture between Taylor Farms California, Inc., Salinas, CA, and Sunkist Growers, Inc., Sherman Oaks, CA. The single-serve packs contain single servings of pineapple spears, orange wedges, sliced apples, seedless grapes and a combination of sliced apples and grapes.

Taylor Farms also introduced its Go Fresh Snacks — apple slices with a low-fat yogurt dip and granola plus fresh-cut carrots and celery paired with ranch dip and sunflower seeds — in 5- to 6-ounce disposable trays that sit easily on a desk, dash or lap.

"Build a snack section or a snack category in the produce department," recommends Craig Reichel, president of Reichel Foods, a Rochester, MN-based manufacturer of kid-friendly fresh-cut fruit and vegetable snacks. "Offer a variety of





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products — that's crucial to success. Then line price items on promotion to encourage moms to pick up kid's favorites plus something they haven't tried before."

## MAKE IT FUN

Eighty-seven percent of shoppers in the Opinion Dynamics/PMA survey report it is somewhat to very important to make produce consumption fun for kids.

The produce staff at Save Mart Supermarkets, Modesto, CA, thinks so, too. That's why in July and August, the chain launched SuperProduce Story Time, a 30-minute weekly activity in which a selected children's book connected to food, nutrition or shopping is read to kids. Books include, *I Will Never, Not Ever, Eat a Tomato*, *The Trouble with Cauliflower* and *How Many Seeds in a Pumpkin?* Free samples of a fruit or vegetable that matches the book's theme are offered and each child receives a worksheet that helps them track their produce consumption. Save Mart markets the activity in its weekly ads, floor stand signs and in-store radio. The chain's summer success has led to the program's continuation as part of the Fall Farmer's Market promotion.

"They've seen success at getting children to try new items when someone other than a parent is encouraging them to do so," relates Elizabeth Pivonka, president and CEO of the Produce for Better Health Foundation (PBH), Wilmington, DE.

Other produce marketers are using the trump card of 'fun' to entice kids. For example, Dole Fresh Fruit Company, Inc., Westlake Village, CA, conducted an October promotion for its two new plush toys, Banapup and Pineosaurus, via an FSI placed in newspapers nationwide and via stickers on 100 million bananas and neck tags on 4 million pineapples. "The toys come with a story of how bananas and pineapple provide health and nutritional value," explains William Goldfield, director of communications. "The characters get children excited and enthusiastic about eating the products they embody."

Melissa's/World Variety Produce, Los Angeles, CA, uses stickers with cartoon characters such as Carmen Kumquat, Super Starfruit and Captain Kiwifruit as a fun way to tempt kids to try unfamiliar produce items. The company also offers a 4-page *Fun & Games* booklet for use in classrooms. The booklet contains a coloring page, word search, crossword puzzle and recipes.

This season, Stemilt Growers, Wenatchee, WA, will encourage kids to try its new Piñata apple variety in its new self-merchandising display. The slogan, "A party of flavor for your mouth," is imprinted on the bright red shipping cartons and is accompanied by Sesame Street's Elmo and Abby Cadabby graphics.

It's about attracting kids, says marketing director, Roger Pepperl. "But we're not selling a character — we're selling apples."

## MORE THAN A CHARACTER

More than two thirds of the shoppers surveyed in the Opinion Dynamics/PMA survey agreed that

putting cartoon or superhero characters on packaging can help make fruits and vegetables fun; 25 percent disagree.

According to Ron McCormick, vice president and division merchandising manager for produce and floral at Wal-Mart SuperCenters, Bentonville, AR, "We did really well with a 2-pound clamshell of grapes with Harry Potter on the packaging. I'm not sure if the kids were drawn to the packaging or because there was so much hoopla about the movie at the time."

There is criticism that pictures of cartoon characters on packages help encourage trial but are not effective when placed on familiar foods, says John Pandol, vice president of special projects for Pandol Brothers, Inc., Delano, CA. "But, I ask, how many 3- to 5-year-olds have tried grapes? They're an ideal snack and portable — dashboard dining for the car-seat crowd."

This past spring, Pandol partnered with New York, NY-based Nickelodeon/Viacom, Inc., to brand fresh table grapes with characters such as SpongeBob SquarePants. Nickelodeon, the No. 1 entertainment brand for kids, began licensing its most popular characters for use on packages of fruits and vegetables in 2005 to help encourage more healthful diet and lifestyle choices for kids and parents. Since the launch, the company has extended the initiative to include spinach, carrots, clementines, cherries, apples, pears, peaches, plums, nectarines, raisins and organic edamame.

Matthew Caito, CEO of Imagination Farms, Indianapolis, IN, says, "Well beyond a picture on a package, our Disney Garden brand is all about being nutritionally correct, portion control and offering solutions to kids. The value of the packaging is in being able to engage children about why fresh produce is good."

"We have over 250 SKUs of fresh produce in more than 20 categories, including organic. Fruit is an obvious area we wanted to cover because it's mission-correct and connects with kids — but we wanted to get kids excited about vegetables, too," he continues. "That was why we did so much testing on our Veggies & Sauce line. For example, kids thought broccoli florets felt funny in their mouths, if they were cut too big, so we cut them smaller. The product is also something that kids can make with their parents, so there's a process that draws kids in beyond the packaging."

Modeling and messaging are what draws kids to eat fresh produce when products are partnered with *Healthy Habits for Life*, a multi-year program started by Sesame Workshop, New York, NY, in 2004 to promote health, nutrition, physical activity and education to preschoolers and their caregivers.

Benedetta Campisi, assistant vice president of licensing for Sesame Workshop, the nonprofit educational organization behind *Sesame Street*, says, "When kids watch our characters eat fruits and vegetables, they want to eat them, too. There's that association."

There are figures to back up Campisi's statement. In a 2005 study conducted by Sesame Workshop entitled *The Effectiveness of Characters on Children's Food Choices*, also called the *Elmo/Broccoli Study*, 78

## The Education Factor

Simply making fruits and vegetables available to kids won't assure they'll be eaten, notes C. Fergus Lowe, deputy vice-chancellor at Bangor University, Bangor, Gwynedd, Wales. "Education is essential."

Lowe developed his Food Dudes program to encourage children to actually eat more fresh produce both in school and at home. The program is based on positive role models. The 4-phase program includes an intensive 16-day period in which kids watch a Food Dudes video each day, a classroom chart to graph each child's consumption and a home element that encourages kids and families to eat more produce.

The success of the program, Fergus says, "is that we utilize the three Rs — role modeling, rewards and repeated tasting."

Of the program's success, he adds, "In large-scale studies in schools in England and Wales and pilot studies in schools in Ireland, the Food Dudes proved to be effective, and the results appeared long lasting across the primary age range, regardless of gender, school size, geographic and socio-economic factors."

In October, the Newark, DE-based Produce Marketing Association, and New York, NY-based Scholastic, Inc., the global children's publishing, education and media company, launched a partnership program and new tool to help children develop lifetime healthful eating habits. *Crunch the Numbers*, a standards-based math program for 3rd- and 4th-grade teachers, students and families nationwide, uses lessons in foundational math skills to show students how to make fruits and vegetables a healthful part of everyday lives. During the next four years, this program will reach 70,000 teachers, 2 million students and 3 million family members via the print materials alone.

"The curriculum includes an in-class guide and worksheets, as well as take-home materials for use by the whole family to reinforce what students learned at school," explains David Lange, general manager for Scholastic InSchool Solutions, New York, NY, "thereby extending the produce consumption and safety messages into the home."

**pb**

percent of children surveyed chose a chocolate bar over broccoli when the broccoli had no sticker. However, 50 percent chose the chocolate bar and 50 percent the broccoli when an Elmo sticker was placed on the broccoli.

"We have had more than one report where kids



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ran up to the displays because of the Sesame Street characters and asked Mom to buy a bag of oranges," according to Robert Verloop, Sunkist vice president of marketing.

Backing this up, Verloop says retailers participating in the 2006 *Healthy Habits for Life* promotion saw anywhere from 3 to 170 percent lift in total bag consumption during the January through March promotional window. These same retailers reported a 12 to 70 percent boost in total navel consumption during the same time frame. This season, Sunkist will include a free Sesame Street *Healthy Habits* magnet featuring Elmo, Cookie Monster, Big Bird, Ernie or Grover in specially marked 4-pound Sunkist Navel orange bags.

## HANDS-ON RECIPES

You can ask any parent. One of the best ways to get kids to eat more produce is to have them make or create their own recipes. Produce marketers have picked up on this, too.

Cristie Mather, communications manager for the Pear Bureau Northwest (PBN), Milwaukie, OR, explains, "Part of our strategic plan this year is to increase the number of kid-friendly recipes on our Web site. We have the world's largest Web site dedicated to pears. For example, we've created a pear salsa. Parents can cut up all the ingredients and kids can mix it."

This recipe emphasis comes on the heels of PBN's online sweepstakes promotion called *Cooking in Pears*. Run this summer, the promotion encouraged kids, with a parent's help, to get creative, come up with their own healthful pear recipe and submit it in hopes of winning the grand prize — a 4-day/3-night trip for four to Walt Disney World in Orlando, FL.

"We were very pleased to have over 750 entries for the *Cooking in Pears* sweepstakes," Mather says. "Measurement is difficult, but we feel we're moving the needle, especially with kids."

Fun with food in a hands-on and seasonal way "is

what we like to promote," says Kevin Precht, marketing program director for the Cameo Apple Marketing Association (CAMA), Wenatchee, WA. "For example, we ran our Decadent Cameo Caramel Apple recipe promotion this fall and will run a Cameo Apple Chicken Salad in January. We offer retailers a point-of-sale card with tear-off recipes, and they can choose how they want to set up their displays. Both of these recipes are interactive by design and work well as a 'kitchen project' the whole family can enjoy."

Sunrise Growers, Placentia, CA, will capitalize on the results of a National Omnibus Poll by implementing promotional plans that call for kids to create their own recipes using strawberries. "This poll asked 1,201 adults about their children's favorite fruit — and strawberries were preferred over apples, bananas and oranges," reports Christine Reker, vice president of marketing. "We believe that encouraging kids to create their own recipes using strawberries will help them build healthful eating habits for life." **pb**

# PACKAGING INNOVATIONS

Industry leaders set the bar with unique packaging innovations.

By Amy Shannon

**A**t the 2007 Newark, DE-based Produce Marketing Association (PMA), Fresh Summit International Convention and Exposition, the packaging innovations for fresh produce items drew almost as much attention as the produce itself.

From the winners of PMA's first *Impact Award: Excellence in Produce Packaging* to the variety of innovations seen throughout the showroom, packaging pushed its way into the spotlight this year.

During the convention's first general lunch session, PMA President Bryan Silbermann highlighted the impact packaging has had on the industry. "Through our consumer research, we've found that packaging is a critically important vehicle that can be used to satisfy our consumers' needs for information, as well as a connection to the produce providers," he said. "The Impact Award winners' innovations in packaging most effectively and creatively respond to those needs."

Industry executives hope the award — presented in five categories: food safety/traceability, functionality/technology, marketing design/messaging, merchandising/transportability, and sustainability — will motivate others to continue investigating the myriad opportunities to present consumers with convenient, safe packaging options. [EDITOR'S NOTE: For a profile of each award winner, please see *PMA Impact Award*, starting on page 69.]

## CONVENIENCE IS KING

More and more packaging innovations have emerged in the industry as growers, packers and other producers respond to consumers' growing demand for



convenient products. That's what prompted the development of steamable side vegetable dishes from Mann Packing Co., Inc., Salinas, CA.

Mann Packing Co., Inc., Salinas, CA, designed a product line consisting of fresh vegetables packaged with a sauce topping. Once the sauce packet is removed, consumers steam the vegetables in the microwave in three minutes or less. Introduced in 2006, the steamable side dishes, called Ready, Set, Steam!, come in three flavors — broccoli and cheese, garden medley with herb sauce and stir-fry with soy sauce.

Beyond quality flavor combinations, the steamable product line incorporates a clear polypropylene signature tray containing the product sealed with a lidding film bearing a patented microporous venting system, Gina Nucci, director of foodservice marketing, explains. The lidding film controls the amount of steam that escapes through the venting system as the vegetables are cooked.

She predicts other companies will take Mann's lead and explore the steamable category as the concept catches on with produce consumers.

During a PMA session on the fresh-cut category, Lori Koster, Mann's vice president of marketing, said that adding value, such as steamable packaging, to a product not only helps justify price but also serves as a selling point for retailers. "It's easy to do — and consumers, particularly those with teenagers, are really drawn to that."

Ron McCormick, vice president and divisional merchandise manager of produce and floral for Wal-Mart Stores, Inc., Bentonville, AR, agrees. "I think [packaging] is important because people's lifestyles are changing and convenience mat-



Industry leaders who attend the Leadership Symposium have one thing in common:

# They tend to come back.



*"The opportunity to network with veteran and future leaders of the industry, has not only resulted in business opportunities ... I've also gained mentors, received valuable advice, and made friends."*

Jin Ju Wilder  
President  
Coast Produce Company

**You've attended the Leadership Symposium for several years.**

**What motivated you to participate the first time?**

I was a young, energetic person who wanted to drive change within my company. I thought it would give me the tools to help me achieve my goals. The Leadership Symposium promised professional speakers on personal development, the opportunity to meet leaders from the industry, and an interactive format. It offered all that and much more.

**Why did you decide to return?**

Because it really does deliver everything it promises. The speakers are very professional and, in most cases, exceptionally informative. The interactive format forces you to ingest the material, process it and apply it in your life and your business. And, the opportunity to network with veteran and future leaders of the industry, has not only resulted in business opportunities ... I've also gained mentors, received valuable advice, and made friends.

**What were some of the most important insights you gained by attending?**

It helped me understand that true leaders, regardless of their titles and positions, take the time out of the day-to-day activities in the office to analyze the industry, the company's place in the industry, and where the company wants to be in the future. It's also vital to assess the effectiveness of the current strategy in achieving the company's goals, and how all of this is being communicated to the workforce to mobilize them in the right direction.

**Were there any subjects discussed that were of particular value to you?**

Over the years, the Leadership Symposium has covered the concept of leadership, how leaders communicate effectively, how they prioritize, the importance of differentiation, the importance of risk taking, the importance of principled leadership, and techniques for balancing work and home life.

**What did you come away with that has proved to be of value in meeting your day-to-day management responsibilities?**

The Symposium has been a significant part of my development as a leader at our company. It has forced me to take the time to question and challenge my personal goals and the company's goals and strategies. It has also reinforced what I have already identified as my core principles and helped me further define my leadership style.

**Have you recommended the Leadership Symposium to others in the industry?**

Many times and to others within our company. People always thank me after attending too.



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ters to people right now," McCormick explains. "It's really important to today's consumers."

## FOCUS ON FOOD SAFETY

Beyond convenience, consumers are looking for other benefits from packaging, such as food safety, McCormick said during a PMA round-table session on packaging. "Consumers want added value. They want to know, 'What's in it for me?' When they see that value, they take advantage of it. That's why it's important to do packaging right."

In order to add extra value, some suppliers are turning to packaging innovations to build consumer confidence in the products they are buying.

According to a national telephone survey conducted in August 2006 by Opinion Dynamics Corporation, a Waltham, MA-based national consulting firm, specializing in market research, safety features, such as sell-by dates, are the most important pieces of information on produce packaging. The survey, conducted on behalf of PMA and presented during the convention, also revealed that although many consumers treat sell-by dates as a "sale deadline," a nearly equal number treat sell-by dates as indicators the produce has reached its peak freshness.

"The sell-by date is just as important to the consumer as it is to the retailer," according to McCormick. "It gives the untrained associate the ability to protect the consumer."

As the media spotlights traceability issues, he added, consumers will be looking to product packag-

been into it."

Once the tear strip is removed, Knutson adds, the container stays together and closes easily for future use. Created specifically for fresh-cut fruit, vegetable, deli and bakery packaging, Safe-T-Fresh containers are available in 8-, 12-, 16-, 24-, 32-, 48-, and 64-ounce rectangular and 8-, 12-, 16-, 24-, and 32-ounce round containers.

## GREEN GAINING STEAM

Besides packaging that emphasizes convenience and safety, several PMA exhibitors also highlighted products packaged in earth-friendly materials. As consumers become more concerned with sustainability issues, suppliers are finding ways to create natural packaging that returns to the earth with minimal impact the environment.

For example, Earthcycle Packaging, headquartered in Vancouver, BC, Canada, designed the first fully home-compostable packaging solution offered in the North American market, notes Shannon Boase, founder and CEO. The home-compostable produce trays are made from palm fiber and biodegrade in up to 90 days.

"There is a consistent message between the organic product and the renewable and compostable materials used in the packaging," says Boase about the organic kiwi from The Oppenheimer Group, Seattle, WA, which is packaged in Earthcycle's trays. "The entire package solution, including the label, sets an innovative standard for the industry. The use of

ing to answer product questions, such as place of origin.

Survey findings suggest suppliers should "lead with the freshness theme" when designing packaging because preservation of freshness leads the list of purchase-inducing characteristics of packaged produce.

That's the idea behind Shelton, CT-based Inline Plastics Corp.'s unique line of tamper-resistant, tamper-evident and leak-resistant containers with a built-in tear strip. Showcased during Fresh Summit, the system uses a Safe-T-Gard strip to ensure consumers the product hasn't been opened since it was packed, says Herb Knutson, director of marketing. "It uses no labeling or shrink band to keep the containers closed," he explains. "Not only are bands very labor-intensive, but they also prevent consumers from seeing the entire product. The Safe-T-Fresh line lets the consumer look and see the product better. In our focus groups, consumers really like the idea of knowing no one's hands had

renewable materials as packaging alternatives is also unique for the industry."

The packaging design includes home-compostable labels designed to educate consumers about environmental aspects of the material and how to properly dispose of the packaging. "Our labels help reinforce our environmental goals," she says. "Educating consumers is important."

## ATTRACTING YOUNG CONSUMERS

Packaging that features bright graphics and cartoon characters is nothing new in the produce industry, but a new line of snack packs from Indianapolis, IN-based Imagination Farms, LLC, puts a fresh spin on healthful snack options geared toward children.

Launched at this year's Fresh Summit, Foodies is a group of products included in the Disney Garden line that combines fruits, vegetables and sides, such as dips, raisins, crackers or cheese in a tray shaped like Mickey Mouse.

The products, which are produced by licensee Imagination Farms and Disney Consumer Products, incorporate a unique packaging aimed at attracting children to snack food with nutritional value, according to Melinda Goodman, director of marketing for Imagination Farms.

"They're geared toward children four to 12 years old and their parents," Goodman explains. "Children like them because they are fun and colorful. And what parents wouldn't want to send their child off with something healthful to eat like sliced apples?"

## FRESH-CUT ON THE RISE

During a PMA session on trends in fresh-cut packaging, Steve Lutz, vice president of Perishables Group, LLC, W. Dundee, IL, an independent consulting firm specializing in the fresh food industry, said the fresh-cut category is steadily growing.

Retailers can attract consumers to this increasingly important category by focusing on packaging improvements. Consumers want to see components, such as a sell-by or use-by date, and they want packages they can reseal. "Knowing what your consumers want is very important," notes Joann Parker, senior account manager of Perishables Group. "There is no one-size-fits-all approach." To maximize success, Parker suggests retailers carry a wide variety of fresh-cut fruits and vegetables.

## PACKAGED VERSUS BULK

A majority of consumers still buy 76 to 100 percent of their produce loose, with 15 percent or fewer purchases being packaged produce, according to the Opinion Dynamics Corporation survey.

"Many consumers consider loose produce to be fresher than products from the fresh-cut category," Parker continues.

Still, there are many ways retailers can encourage consumers to pick up packages of fresh-cut produce. "For retailers, offering variety and assortment is key to being successful," said Lutz. "If you don't put it in the store, you won't be successful."

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# FOOD SAFETY

From workshops to exhibits, the industry speaks out about efforts and future plans.

By Meredith Auerbach

**O**ne year after the spinach crisis, food safety discussions surged through exhibit hall aisles, dining rooms, meeting facilities and workshops of the 2007 Produce Marketing Association Fresh Summit International Convention and Exposition in Houston, TX.

Establishing a culture of food safety in the produce industry is well under way. The movement is full of competing claims and initiatives, filled with questions about the future.

Who will control it? What steps are needed? Who should take them? What



Devon Zagory

will it cost and who will pay for it all? How can consumer trust be regained and maintained? How long will it take before everything is put in place and the industry can stop holding its collective breath?

## NEWLY IN PLACE

At the convention workshop session entitled *Food Safety Change Is In The Air*, Devon Zagory, interim executive director of the Center for Produce Safety at the University of California at Davis, pointed out the large and complex opportunity facing the industry. "At this point in time, we can take advantage of the current climate of great enthusiasm, good will and money to help the industry in its food safety initiatives," he related. "It is not our intention to add requirements but rather to work as an information clearing house to help identify impediments and prioritize issues and efforts."

CPS can sponsor research, develop auditor training to make sure there is an acceptable minimum level of competence and integrity and disseminate knowledge, he noted, adding, "Too often, conflicting requirements are placed on growers, processors and distributors. We hear of too many audits and think we can have a role in standardizing forms and

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HACCP [Hazard Analysis and Critical Control Points] program materials.”

The need for such a multilevel — industry, academia and government — cooperative organization is underlined by research results presented throughout the 3-day convention. PMA president Bryan Silbermann pointed to research from TNS, headquartered in London, England, indicating 90 percent of consumers express concern over food safety.

“Within one week of the 2006 spinach recall, surveys indicated that 89 percent of consumers were aware of the issue,” says Lorna Christie, PMA senior vice president of industry products and services. “Today’s media is very sensitive to issues of food safety.”

## USDA SPEAKS OUT

Leanne Skelton, chief of the fresh products branch of the U.S. Department of Agriculture (USDA) Agricultural Marketing Service Fruit and Vegetable Programs, cites the positive model of the California Leafy Greens Marketing Agreement (LGMA), Sacramento, CA. “USDA is seeking comments by December 3, on a proposed federal marketing program to regulate the handling of leafy green vegetables nationwide. USDA believes a marketing agreement, similar



Leanne Skelton

to California’s program, where handlers are required to comply with the agreement’s regulations after voluntarily entering the program, will serve the industry’s needs best.”

Skelton commented, “Regulations are built around the FDA [Food and Drug Administration] guidance document, *Guide to Minimize Microbial Food Safety Hazards for Fresh Fruit and Vegetables*. But it treats all commodities the same, making it somewhat vague and not commodity-specific for those products where food safety issues are broadly divergent. Our expertise is in building programs to help producers demonstrate compliance to FDA requirements and develop audit-based programs for GAP [Good Agricultural Practices] and GHP [Good Handling Practices]. Commodities are now developing their GAP and GHP and asking us to review them as auditable checklists. Tomatoes and mushrooms are examples of commodities seeking this review.”

## AUDITS EVERYWHERE

A proliferation of audits is one result of the industry’s ongoing concern with food safety. Driven by diverse requirements of buyers and retailers domestically and inter-

**Ninety percent of consumers express concern over food safety.**

nationally, the specific audits sometimes needed to go beyond food safety, GAP and GHP into the realm of social responsibility and worker conditions. Producers can be forgiven if they suffer “audit fatigue” and lose patience with a confusing, complicated and expensive regime of reviews before they can sell product.

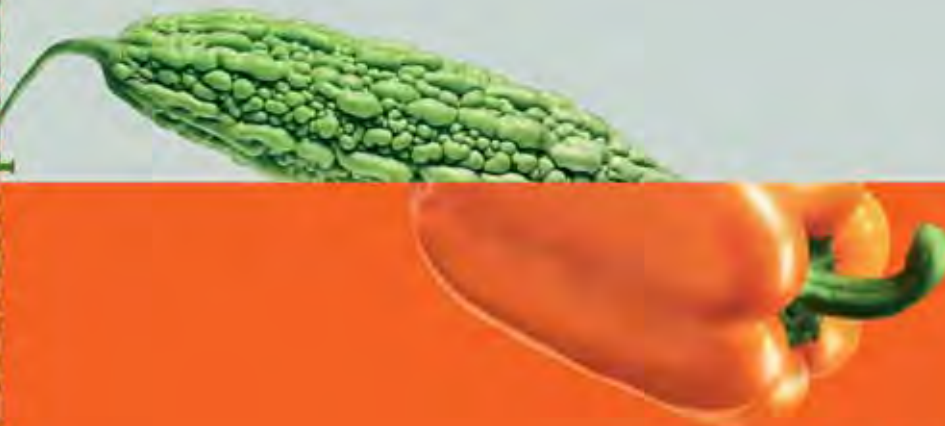
Organizations are undertaking the task of bringing order out of chaos.

SQF Institute, the Safe Quality Food Program division of the Food Marketing Institute (FMI), Arlington, VA, and first-time PMA exhibitor, is a food-safety and



quality-management certification system that provides independent certification to ensure a product, process or service complies with international regulatory and other standards specified by retailers and wholesalers. In essence, SQF audits the auditors, registers the auditors, licenses and certifies audit companies with the goal of driving consistency on an inter-

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national level.

According to Paul Ryan, executive director of the non-profit agency, "Our fundamental service is a food-safety and quality-assurance certification program for retailers and suppliers. As time goes on and retail requirements evolve, we will add additional modules for environmental and sustainability practices, social responsibility, and e-learning training for remote locations.

"We are now implementing technology that provides for centralized data collection in an online database on a global scale," he continued. "We're sharing booth space with Muddy Boots Software [Herefordshire, England] and Agenticrics [headquartered in

Alexandria, VA, and Chicago, IL] to demonstrate how food buyers can access auditing and certification records of producers and suppliers in the program. The software can convert audit formats into data in a usable database."

In addition to SQF, other certifying and accrediting bodies are GlobalGAP, Cologne, Germany — formerly EurepGAP — and Tesco Nature's Choice (TNC), Hertfordshire, England.

Other auditing companies that exhibited at Fresh Summit include Scientific Certification Services (SCS), Emeryville, CA, and PrimusLabs.com, Santa Maria, CA. Both internationally accredited organizations develop and conduct audits and provide laboratory

## ON THE EXHIBIT FLOOR

**T**hroughout the PMA exhibit hall, companies worked to show their commitment to food safety with products and services.

Novazone, Inc., Livermore, CA, presented its USDA- and FDA-approved, organic-certified ozone system used to kill airborne and surface microorganisms, and help control ethylene levels.

KES Science & Technology, Inc., Kennewick WA, showcased its AiroCidePPT photocatalytic air-purifying equipment that was created to reduce ethylene gas and airborne mold and fungi and to control airborne cross contamination.

Sterilox Food Safety by PuriCore, Malvern PA, demonstrated its equipment and patented technology, which produces a nontoxic, food-safe sanitizer used in foodservice and supermarket applications.

BioSafe Systems, LLC, East Hartford, CT, presented a full line of cleaning products for applications from field to fork, including pre-harvest bactericide and fungicide spray, microbicide for process water and irrigation systems, and hard surface sanitizers

DryFog.US, Beverly Hills, CA, explained its use of BioSafe Systems products in humidification and fumigation processes.

Inline Plastics Corp., Shelton, CT promoted its new line of PETE Safe-T-Gard Tear Strip Lock tamper-resistant, tamper-evident and leak-resistant containers. **pb**

testing to verify safety programs.

Wil Sumner, director of technical services and regulatory affairs for SCS, described the company as an auditing, testing and consulting company, specializing in risk management. "We are a neutral, third-party auditor accredited by SQF, GlobalGAP and TNC," he says. "Our approach is a holistic one combining commodity-specific risk identification, analysis and education. We provide auditor training and we certify food safety, quality and purity claims." SCS operates across a broad industry swath including food and agriculture, forestry, floral, manufactured goods and electricity.

PrimusLabs.com focuses on food safety in the produce industry. Matt Regusci, business development manager, notes, "PrimusLabs.com is an approved certifying body of the GlobalGAP program, a grower-level food-safety program utilized by European retailers and is an accredited certifying agency of USDA and the National Organic Program (NOP). In November, we will open a lab in Yuma to provide closer microbiological testing facilities for our client companies.

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**Bob Price,**  
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**Mike Lobaugh,** VP Perishables of Haggen, Inc.

**Nick Smith,** VP Perishables of Save-Mart Supermarkets

**Steve Wright,** Category Manager, Spartan Stores

**Robert Harada,** Senior Buyer, Slader Bros

**The PMA Thanks:**  
The PMA of CA, HI & Associates;  
Various Association of Viva Marketing Strategies;  
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**Lunch:** provided  
**Place:** Tropicana Resort

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own database of our audits based on federal standards. It's a common platform and we will accept and welcome audits from other companies. Buyers and suppliers can see across a number of audits. Shortly, we will be splitting off the database management to a separate company Azzule.com to encourage other companies to participate. Primus-Labs.com will continue to emphasize food safety programs," Regusci continues.

A slightly different iteration of testing and consulting practice is IEH Laboratories & Consulting Group, Lake Forest Park, WA, another exhibitor at Fresh Summit.

Thomas Hankinson, vice president of technical sales, distributed a press release announcing that the company's test method, used for rapid testing for the presence of pathogens in food products, is certified as a Performance Tested method for the detection of *E. coli* by the Association of Analytical Communities Research Institute (AOAC), Gaithersburg, MD, a prominent independent body for certifying food testing methods worldwide. This is an important accomplishment that increases the stature of the company as a proponent of test-and-hold finished product testing.

"IEH has developed our FoodSafe Four Prong Approach that tests and analyzes activities from seed to harvest," Hankinson said.

## TECHNOLOGY TACKLES THE PROBLEMS

James Gorney, executive director of the Postharvest Technical Research and Information Center at the University of California at Davis, spoke at a workshop on food safety. "New technologies that can rapidly detect the presence of human pathogens offer promise in enhancing the safety of produce when they are used appropriately," he said. "Prevention of produce contamination and microbial testing of production inputs are much preferred to trying to assure safety by raw-material and finished-product testing due to limited sampling capabilities currently available. If inputs used in production are pathogen-free, then the likelihood of the finished product being pathogen-free is greatly enhanced. The issue is how to best use limited food safety resources."

Gorney described the difficulties in defining lot size and the rapidly escalating number of samples required for statistical validity. He said, "One new technology is the Hanson [Technologies Inc., Carlisle, PA] OmniFresh system for produce products washed in a packinghouse of a fresh-cut processing plant. This technology concentrates large quantities of wash or cooling water to 100 ml samples which are analyzed in as little as two hours for the presence of numerous pathogens via an advanced immunoassay procedure; product is still under production control, thus avoid-

**"Our fundamental service is a food safety and quality assurance certification program for retailers and suppliers."**

— Paul Ryan  
SQF Institute

ing costly product recalls."

Presenting another promising technology during the workshop, Dr. Moon Kim, research biophysicist, Food Safety Laboratory, USDA Agricultural Research Service (ARS), Beltsville, MD, demonstrated a non-invasive, packing line hyperspectral system developed to examine produce using either reflectance or fluorescence-imaging. The equipment has proved capable of detecting defects, soil and fecal matter on test lots of apples, pears and strawberries. "The tests are very promising and the technology has been com-

mercialized but it is not yet available for sale," he said.

Christine Bruhn, director of food science and technology for the Center for Consumer Research at UC-Davis, commented, "For produce products such as tropicals, irradiation is a useful tool to protect quality and enhance safety. There have been issues with consumer acceptance, but our research has indicated that if you acknowledge the technology but promote the benefits of the product, acceptance increases." She pointed to the positive effect on consumer acceptance of ground beef program at Wegmans, headquartered in Rochester, NY.

Clearly, irradiation is not appropriate for every product — the leafy greens category is a prominent example — but it should be considered and be part of an overall food safety tool kit.

Gary Fleming, PMA vice president of industry technologies and standards, used his workshop time to address traceability as a key element of an effective food-safety strategy. The ability to trace back to the field a product suspected of contamination becomes critical in a food safety incident. A packaged product with a UPC code can often be traced. The history of a product with just a PLU code or a generic UPC code is stopped the minute the case packaging is recycled.

## TRENDS

If we look at emerging trends, there's a sense that collaboration between industry companies, organizations and trade associations, academia and government, primarily USDA and FDA, will yield the best results. Certifications, verifications and validations by third-party groups and accrediting bodies are critical but have the potential of using food safety as a marketing strategy. Technologies are moving forward quickly but show no signs of being infallible. That risk is company- and commodity-specific with issues that must be dealt with individually.

There's no free lunch; producers, buyers and consumers must step up to the new financial realities.

Food safety will never be completed. Our ability to test deeper will discover new or previously hidden pathogens. We can reduce but never totally eliminate food safety occurrences.

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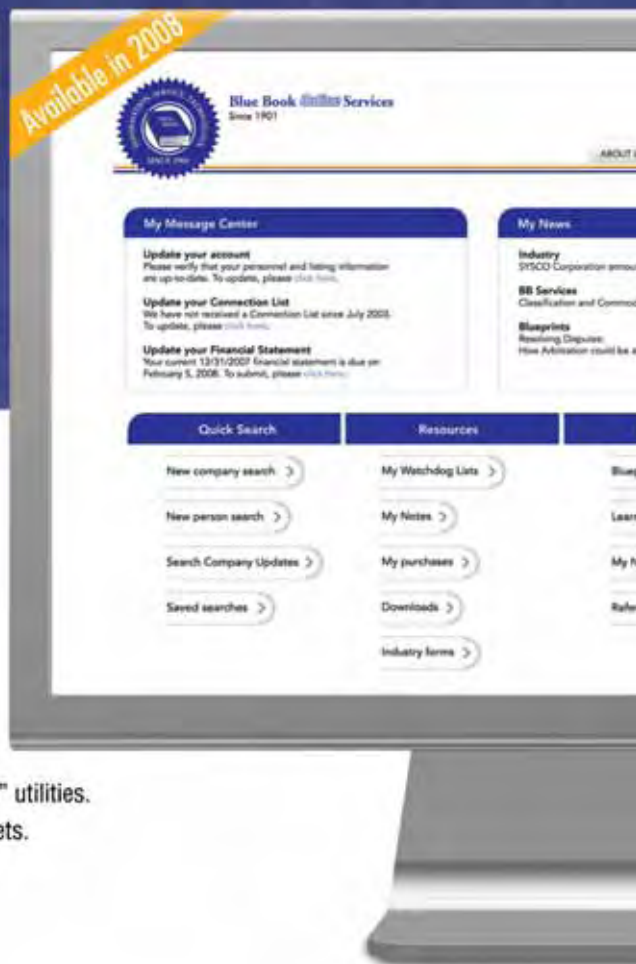
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# PMA *Impact Award*

Winners discuss design,  
development and future plans.

By Amy Shannon

As industry officials continue to think outside the box in order to expand business and boost profits, some companies are turning their efforts to improving the box itself. From food safety to sustainability, packaging innovation plays a critical role in ensuring fresh produce makes it from the hands of the grower to the consumer. To stress this importance and recognize companies leading the way in packaging excellence, the Produce Marketing Association (PMA), Newark, DE, awarded its first *Impact Award: Excellence in Produce Packaging* to seven companies.

PMA President Bryan Silbermann announced the winners at this year's PMA Fresh Summit International Convention and Exposition in Houston, TX, in October. "Today's consumers want it all," he said. "It seems that we've finally figured it out."

From single-serving products to microwavable packaging with resealable and recyclable components, not only should good packaging be innovative but it should also make an impact, Silbermann said.

Ron McCormick, vice president and divisional merchandise manager of produce and floral for Wal-Mart Stores, Inc., Bentonville, AR, believes packaging continues to play an increasing role in the produce industry as consumers demand easy-to-use products. "I think it's important because people's lifestyles are changing and convenience matters to people right now," he explains. "It's really important to today's consumers."

As food safety and traceability issues become more prominent, especially as the media focuses on them, McCormick says consumers are looking to product packaging to answer their questions about the product, such as place of origin. "They're also turning to the product for nutritional information and its environmental impact."

McCormick believes the Impact Award will bring greater attention to packaging innovations and encourage companies to develop new products. "I think it will cause more people to think about packaging as they look toward their own advances next year," he comments. "Although I'm not sure the awards will have a major effect on retailers this coming year, I think it will the following year as more products come into the market. We'll see a lot more of the benefits as new innovations are introduced."

At the PMA convention's session on packaging, McCormick noted that



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packaging components such as sell-by and used-by dates are just as important to the consumer as the retailer. "They give untrained associates the ability to protect the consumer."

Impact Award winners include: **Best in Food Safety:** Perfection Fresh Australia PTY, Ltd, Sydney, Australia; **Best in Marketing:** Monterey Mushrooms, Inc., Lake Hughes, CA; **Best in Functionality/Technology:** Mann Packaging Co., Inc., Salinas, CA, and Apio, Inc., Guadalupe, CA; **Best in Merchandising/Transportation:** Stemilt Growers Inc., Wenatchee, WA; and **Best in Sus-**

**tainability:** Earthcycle Packaging, Ltd., Vancouver, BC, Canada, and The Oppenheimer Group, Vancouver, BC, Canada.

Impact Award finalists include Blue Lake Citrus Products, LLC, Winter Haven, FL; Desert Glory Ltd. — Naturesweet Tomatoes, San Antonio, TX; Hawaii Department of Agriculture, Honolulu, HI; Imagination Farms, Indianapolis, IN; Kraft Foods, Northfield, IL; Mastronardi Produce Ltd., Kingsville, ON, Canada; Melissa's/World Variety Produce, Los Angeles, CA; PWP Industries, Vernon, CA; Red Blossom Farms, Santa Maria, CA; Sunkist,

Sherman Oaks, CA; Yotta Mark, Inc., Redwood City, CA; and Z & S Fresh Inc., Fresno, CA.

The award's judging panel consisted of an array of academia, produce and packaging professionals, including Jim Prevor, PRODUCE BUSINESS/PERISHABLE PUNDIT, Boca Raton, FL; JoAnn Hines, PackagingUniversity.com, Kennesaw, GA; Steve Lutz, The Perishables Group, W. Dundee, IL; Sher Paul Singh, School of Packaging, Michigan State University, East Lansing, MI; and Devon Zagory, Center for Produce Safety, University of California, Davis.

# BEST IN FOOD SAFETY



## PERFECTION FRESH

*Sydney, Australia*  
Michael Simonetta, CEO

Product: Tamper-evident punnet designed for grape tomatoes, truss tomatoes and vine-ripened baby truss tomatoes.

Perfection Fresh developed its first version of a plastic clamshell, also known as a punnet, in Australia in 2000, using the latest technology in airflow design. In the years that followed, the company developed two more versions, eventually leading them to create its first tamper-evident container. CEO Michael Simonetta explains the product's development, concept and components.

**Q. What is the target market for this packaging product?**

**A.** Our target market consists of all consumers, particularly food-safety conscious shoppers.

**Q. Why do you think this product won the award?**

**A.** It's a first for the Australian produce industry. It's also part of an initiative that will allow for significant improvements in our products' shelf life.

**Q. What makes this packaging product unique?**

**A.** Each tamper-evident container is attached to a customized lid that is split in two, forming gate-style flaps. Once the container is filled with produce, a label is placed on top of the flaps, sealing the container. According to our tests, our tamper-evident punnet is proven to assist in extending shelf life of produce by up to three days.

**Q. What are the main components that can be merchandised by retailers?**

**A.** Our product is made up of a curved, ventilated base that allows cold air to flow under and through the container. It also contains side ventilation slots that help boost lid ventilation and allow hot air to be released.

**Q. What prompted the design and development of this packaging product?**

**A.** We noticed that the tops to our 2-piece clamshells kept popping off the bottom half of the container during the shipping process and once they reached the stores. This caused quite a bit of shrink at the retail level. We solved this problem by creating a fully automated packaging line configured to meet unique customer branding and labeling requirements. After the clamshells are closed, labeled and coded, the tamper-evident element ensures no further produce handling prior to consumer use.

**Q. What does the future hold for this type of package?**

**A.** We're looking into using the tamper-evident clamshells for other commodities.





# BEST IN MARKETING



## MONTEREY MUSHROOMS, INC.

*Watsonville, CA*

**Product:** Resealable poly bags with zip-lock for Monterey's Sliced White Mushrooms, Steak Mate Thick-Cut Mushrooms, and Whole and Sliced Baby Bella Mushrooms.

Introduced in May 2006, Monterey Mushroom's resealable, zip-lock poly mushroom bags were specifically designed for packaging mushroom products. Available in 8- and 10-ounce bags, the packages allow consumers to reseal and refrigerate mushrooms for optimum freshness. Joe Caldwell, vice president, talks about the product's development, design and target audience.

**Q. What is the target market for this packaging product?**

**A.** We targeted the typical profile of today's consumer. The target market is made up of people who are particularly interested in convenience, ease-of-use, cleanliness and safety of the produce he or she brings home from the retail store. This group includes tech-savvy consumers between 25 and 50 years old with above-average income.

**Q. Why do you think this product won the award?**

**A.** It's a first for the mushroom industry. It includes many components that were a result of several consumer focus groups. Participants told us they wanted a product that is resealable, includes multiple recipes and lists cooking instructions. We take it for granted that everyone knows how to sauté mushrooms. We took the results from the consumer study and went with them. We developed new technology of a specially formulated breathable bag that allows the mushroom industry to compete on an even footing with packaged salads and other packaged vegetables in the marketplace. Plus, the product incorporates many of the items consumers told us they wanted in the focus groups, such as the cooking instructions and multiple recipes that we will change from time to time.

**Q. What makes this packaging product unique?**

**A.** One of the unique things we learned during the survey is that consumers not only want recipes but they also want help visualizing the meals they can make using our product, so we included application shots, such as spaghetti, right on the front of the package.

**Q. What are the main components that can be merchandised by retailers?**

**A.** The poly bag and zip-lock features give consumers exceptional convenience and ease-of-use as well as storage for mushrooms they do not use right away. The product features a clear window so consumers can easily view the product. Our packaging design also showcases culinary and nutritional information.

**Q. What prompted the design and development of this packaging product?**

**A.** The rapid growth within the produce category of the packaged vegetables and salad products inspired us to pursue a similar technology specifically designed for the unique respiration requirement for packaging our mushrooms.

**Q. What does the future hold for this type of package?**

**A.** Currently, we're looking into creating special packaging for our club store retail customers.



# BEST IN FUNCTIONALITY/TECHNOLOGY



**MANN PACKING CO., INC.**  
*Newark, DE*

**Product: Ready, Set, Steam!**

Launched in October 2006, Mann Packing offers its three steamable side vegetable dishes in three flavors: broccoli and cheese, co-branded with Sargento Foods, Inc., Hilbert, WI; garden medley with herb sauce, co-branded with Green Garden Packaging Co., Inc., Houston, TX; and stir-fry with soy sauce, co-branded with Kikkoman Corporation, Chiba, Japan. The product consists of fresh vegetables and a popular sauce topping that provides consumers with a quick and easy side dish. Once the sauce packet is removed, consumers can steam the vegetables in the microwave in three minutes or less. The product's hermetically sealed sauce pouch helps keep the food safe from tampering and allows consumers to control how much sauce they want to add to their vegetables. Gina Nucci, director of foodservice marketing, discusses the product's development, target market and main components.

**Q. What is the target market for this packaging product?**

**A.** Our target market for the steamable dishes is families with children, mothers between 25 and 45 years old and dual-income households.

**Q. Why do you think this product won the award?**

**A.** Ready, Set, Steam! side dishes meet our consumers' needs for quick and easy dinner solutions by providing the classic vegetable side dish in a fresh, convenient way. Our unique products consist of a film containing micro-scoring that allows for steam and micro-perforation patterns that provide 15-plus days of shelf life.

**Q. What makes this packaging product unique?**

**A.** It's the first product made with steam and micro-perforation technology to deliver a 15-plus day shelf life. In addition to its steamable components, each of our steamable dishes contains a compartment at the bottom to hold a sauce packet. The tray design keeps the sauce packet separate from the raw vegetables since it cooks at a different rate. Plus, we didn't want to place it somewhere that would cover up the product, so the custom-designed compartment works well. The clear tray also ensures that consumers can see the product, and the clever, wide-bottom foot also allows the product to be displayed in an upright position for easy merchandising.

**Q. What are the main components that can be merchandised by retailers?**

**A.** Mann's clear polypropylene signature tray contains the product sealed with a lidding film bearing a patented microporous venting system. The lidding film operates in a controlled fashion, allowing the fresh-cut vegetables to cook in three minutes by regulating the amount of steam that escapes through the venting system.

**Q. What prompted the design and development of this packaging product?**

**A.** We saw steam technologies in the frozen vegetable aisle really start to take off and we wanted to see if we could bring the same innovation into the fresh market. It was a logical decision. We've tried for years to get consumers to cook our products in the microwave, but we've seen low acceptance. We felt we could improve rigid containers under the assumption that steam cooking sounds more healthful than microwaving your food.

**Q. What does the future hold for this type of package?**

**A.** We're looking into extending the line.





# BEST IN FUNCTIONALITY/TECHNOLOGY



**APIO, INC.**  
*Guadalupe, CA*

**Product: Eat Smart 40-ounce Vegetable Party Tray**

Introduced to the produce industry in its current form in 2005, Apio's patented "flip and serve" rectangular tray design features patented Breatheway membrane technology, which regulates the transfer of oxygen and carbon dioxide within the package to naturally extend shelf life of the vegetables. This packaging can be used for a variety of fresh-cut vegetables that are suitable for display in a party tray format, such as broccoli, carrots, tomatoes, celery and snap peas. Candice Blackmoore, director of marketing, explains the product's development, function and features.



**Q. What is the target market for this packaging product?**

**A.** Our main target market includes retail buyers, brokers and other intermediaries looking to produce, expand and improve their fresh-cut category. We also target everyday consumers, who are seeking a healthful, convenient solution to their meal occasion needs, such as family get-togethers, small gatherings or family events.

**Q. Why do you think this product won the award?**

**A.** The Apio party tray is the only packaging system on the market that combines design innovation and technological superiority. Our design gives retailers merchandising efficiencies and display attractiveness along with modified-atmosphere packaging, maintaining quality and reducing shrink. In terms of the consumer, our design provides convenience, packaging quality and atmosphere technology. These factors ensure that consumers receive a superior eating experience.

**Q. What makes this packaging product unique?**

**A.** It's the only patented party tray on the market. Specifically designed to offer unmatched functionality and superior technology, the Apio party tray features patented Breatheway membrane technology, regulating oxygen and carbon dioxide transfer within the package. This means it can automatically adjust to temperature fluctuations along the supply chain, providing extended shelf life and reducing shrink for retailers.

**Q. What are the main components that can be merchandised by retailers?**

**A.** The "flip and serve" tray features a clear, dome-shaped lid with rounded corners designed to maximize airflow and product presentation. The clear lid is sealed with film. Breatheway membrane technology is applied to the lid before a black tray base is fit-

ted over the film. When consumers flip the tray over so the clear dome is facing up, the black tray snaps off and the film and black dividers are removed before the tray is reapplied. The consumer then flips the tray back right-side up and removes the clear lid, revealing a presentation-ready fresh-cut display.

**Q. What prompted the design and development of this packaging product?**

**A.** Several factors helped prompt development of this product. First, we found an opportunity to design a package that offered merchandising efficiencies at the retail level. At the time, we noticed that round tray formats required extra merchandising space and presentation quality varied. With this in mind, we decided to find a convenient customer solution that incorporated Apio's membrane technology and capitalized on consumers' growing demand for convenience.

**Q. What does the future hold for this type of package?**

**A.** We're just starting to penetrate the market with this product. There's a lot of room for future growth.

# BEST IN MERCHANDISING/TRANSPORTATION



## STEMILT GROWERS INC.

Wenatchee, WA

Product: Rack 'n Stack display boxes.

Launched at the 2007 Fresh Summit, this self-merchandising product was created for Piñata apples, a premium niche variety introduced in the United States three years ago. The Rack 'n Stack display box is a stackable, bright red box with extremely low-cut windows. Marketing director Roger Pepperl, shown in the picture below flanked by Michael Taylor on the left and Tate Mathison on the right, discusses the packaging system's target market, design and main components.

**Q. What is the target market for this packaging product?**

A. While the Piñata apple appeals to a wide range of consumers, the actual Rack 'n Stack packaging is aimed at the primary shopper, women ages 25 to 39 with one to three other family members, such as a child or spouse, in their household. They are the ones making the decisions for the family. The Rack 'n Stack boxes feature *Sesame Street* characters. As the longest running kids' educational show on public broadcasting, Sesame has a group of characters that have transcended three generations. With more than 70 million Americans growing up on *Sesame Street*, the importance of this is clear.

**Q. Why do you think this product won the award?**

A. It self-merchandises itself. The only thing retailers have to do is take the lid off the carton and it's ready. The design is also extremely eye-catching due to the use of popular Sesame characters and bright colors. The product is extremely visible through the custom design that maximizes the viewing space of the fruit. It's also sturdy enough to create displays three cartons high. Furthermore, because the apples are shipped in the display box and each box holds the same weight of apples, retailers do not need to weigh the product and set up new order codes or SKUs once the Rack 'n Stack boxes are received. This not only makes it extremely easy for retailers to add this program to their stores, but it also reduces waste by serving as both a shipping mechanism and a display. The product and the display travel in the same case under the same product code. No additional materials are sent separately. It's pretty seamless.

**Q. What makes this packaging product unique?**

A. In the produce industry, it is extremely difficult to come up with an eye-catching display where the product is actually shipped in the display. While this is common in the consumer-packaged goods industry, it becomes quite a challenge due to the fresh nature of our products. This Rack 'n Stack system blends a standard 3-layer Euro footprint carton with an innovative twist. This makes the fruit extremely visible to consumers when the lid is removed and it gives produce managers an easy way to set up a secondary display.

**Q. What are the main components that can be merchandised by retailers?**

A. The biggest thing is the fact that it's stackable. It's a display that's already attached to the product, thus it serves as a self-merchandising display. Also note that it's a component system that can be used in numerous ways. From acting as a waterfall display in front of fixed apple runs, to creating standalone secondary displays of different heights by adding more boxes, this packaging product is extremely versatile.

**Q. What prompted the design and development of this packaging product?**

A. We interviewed produce managers from across the country and consistently heard, "Bulk displays must be easy to lift, easy to set up and extremely eye-catching." To satisfy their requests, we went with a 3-layer Euro footprint as internal research we've conducted has shown that product turns are better in a 3-layer Euro than they are with a standard 4-layer carton.

**Q. What does the future hold for this type of package?**

A. We're looking at adapting this packaging system to other products.





# BEST IN SUSTAINABILITY



## EARTHCYCLE PACKAGING LTD., AND THE OPPENHEIMER GROUP

*Vancouver, BC, Canada*

**Product:** Four-pack of Oppenheimer's organic kiwi packaged in Earthcycle's biodegradable and home-compostable trays made with palm fiber.

Introduced in May 2006, this product is the first fully home-compostable produce packaging solution offered in the North American market. Earthcycle's packaging is a natural material that can be thrown into the compost pile where it will biodegrade in up to 90 days. Shannon Boase, Earthcycle founder and CEO, and Jon Anderson, chairman, president and CEO of The Oppenheimer Group, provide insight on the unique product's development, design and function.

**Q. What is the target market for this packaging product?**

**A.** For this project, we targeted consumers interested in sustainability efforts, healthful lifestyles and environmental concerns. Organic consumers are also a perfect fit.

**Q. Why do you think this product won the award?**

**A.** As mentioned above, Earthcycle trays are the first fully home-compostable packaging solution introduced to the North American market. The packaging trays are made from palm fiber, a waste product conventionally burned and discarded after its fruit is harvested for oil. The program pairs Earthcycle trays with home compostable Natureflex film to package organic kiwi sold by Wal-Mart Stores. Together, these certified renewable packaging materials serve as a healthy contribution to the earth and helps reduce the negative impacts of the household waste.

**Q. What makes this packaging product unique?**

**A.** There is a consistent message between the organic product and the renewable and compostable materials used in the packaging. The entire packaging solution, including the label, sets an innovative standard for the industry. The use of renewable materials as packaging alternatives is also unique for the industry.

**Q. What are the main components that can be merchandised by retailers?**

**A.** This eco-friendly packaging system includes a biodegradable and home-compostable label used to highlight the environmental aspects of the material and its explanation of the ease of disposability. In regards to waste reduction, our labels are noteworthy in helping to "close the loop." Communicating the environmental responsibility of all the components of the package and informing consumers on how to best dispose of the packaging once it's used is critical. It reinforces our objectives.

**Q. What prompted the design and development of this packaging product?**

**A.** There is an increasing demand and availability of organic produce that is driving the demand for natural packaging. As organic commodities become more mainstream, conventional retailers are looking for ways to ensure segregation between conventional and organic produce. One way to do this is through packaging. But because the organic consumer is typically more environmentally conscious than the average consumer, retailers are reticent to package organic produce in

plastic. We also recognized retailers' increasing concern about organic produce being improperly priced at the register. Earthcycle trays are a natural way to package organic produce in an environmentally responsible manner and solve the retailer's segregation and ring-through concerns.

**Q. What does the future hold for this type of package?**

**A.** Currently, we're focusing on launching our new sizes and expanding the packaging system into other markets.



# Banana Sales Showing New Life

*This long-time favorite is making a comeback with specialty varieties and new niche markets.*

BY LISA LIEBERMAN

**B**ananas are in many ways the perfect fruit. They come in their own packaging. They don't make a mess. It's easy to tell when they're ripe. They're easy to peel, easy to eat and don't need to be washed. They're also the perfect fruit for eating on the run or on the way to work. In short, bananas are clearly one of the most convenient fruits.

However, bananas have lost some market share during the past few years due to the expanding year-round availability of produce from around the world. The fact that there's now a plethora of other types of convenient, easy-to-eat fruits, such as fresh-cut melons and packaged berries, also seems to be cutting into bananas' market share.

Although bananas are still one of the leaders in the produce department, they have lost almost two market point shares in the past three years, dropping from 13.3 market points in 2004 to 11.8 points in 2007. In comparison, berries climbed from 13.5 market share points in 2004, to 16.85 in 2007. Likewise, melons rose from 10 points in 2004 to 10.58 points in 2007, according to Ed Mackowiak, vice president of sales and marketing for The FreshLook Marketing Group, Hoffman Estates, IL.

Experts believe there are a number of ways to make bananas more attractive to consumers. For example, some suppliers are offering new ripening techniques, trying new cross-merchandising, providing new packaging, adding new varieties to the banana category and working on opening new niche markets.

## CAPITALIZE ON CONVENIENCE

Cincinnati, OH-based Chiquita Fresh



**Bananas are a leading item in the produce department.**

North America LLC, working with Lakeland, FL-based Publix, is running a test of its new Chiquita Fresh & Ready product, according to a report in the PERISHABLE PUNDIT, a sister publication of PRODUCE BUSINESS. The slogan is: *Bananas that stay perfectly fresh until you're ready to eat them!*

The test product is a covered tray of three bananas, net weight 17.2 ounces. It uses what the label calls Chiquita FreshPak technology, which utilizes the BreatheWay technology that it licenses from Apio, Guadalupe, CA. Here is how the label explains it:

"Chiquita knows that Fresh Tastes Best. So we've come up with a natural way to keep bananas fresher longer. The secret is our patented FreshPak. It lets in just the right amount of air to slow the ripening process naturally. So now you can enjoy great tasting bananas that are Fresh & Ready when you are."

According to the PUNDIT, Chiquita is also doing a hang tag promotion in conjunction

with the test. The hang tag clarifies the concept with a graphic showing consumers who buy a traditional bunch of bananas on the weekend typically do not have bananas that are not ripe enough to eat Sunday. Then they eat one a day on Monday, Tuesday and Wednesday. By Thursday, they are thinking the bananas are too ripe and considering tossing them out. By Friday and Saturday, according to this graphic, they have no bananas.

In contrast, if on Sunday consumers buy two 3-banana packs of Chiquita Fresh & Ready bananas, they can open one pack and have perfect bananas on Monday, Tuesday and Wednesday, then open the other package and have bananas Thursday, Friday and Saturday.

A similar program, called Chiquita-To-Go, offers packaged single bananas to convenience stores and coffee shops, explains Mike Mitchell, corporate communications representative.

Chiquita is also focusing on packaging improvements to its line of mini bananas. At



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full maturity, Chiquita minis are about half the size of regular bananas. Although Chiquita has offered mini bananas for several years, packaging was a challenge up until recently. "These bananas come two dozen in a hand, so they were difficult for retailers to handle and when consumers would look at them, they wouldn't know what to do with them," notes Mitchell.

Now, Chiquita has repackaged the minis into three-quarter pound bags with only six or seven baby bananas per bag. "They sell for an average of \$1.50 a bag," Mitchell says, "so when consumers look at a bag of bana-

nas, they can think of them in terms of costing 25¢ a banana, which they think is a good price for a healthy snack to put in their kids' lunch boxes."

Although some packaging concepts are still pretty new, it's clear that mini bananas are becoming more popular with consumers all across the world, especially in Canada, the Netherlands and Spain, notes Maria Teresa Velasquez, vice president of international marketing, Banacol, Coral Gables, FL. "We've been doing a very successful program with a retailer in Canada with children-sized bananas," she says. "The idea is

that these smaller sized bananas are more suitable for kids because many times kids can only eat half a banana at a time."

While overall banana sales are expanding in Europe, the North American market is becoming more of a challenge. "Traditionally, bananas have always received a lot of shelf space in supermarkets," Velasquez says, "but more and more products are being displayed in the produce aisles, which has become more of a challenge for the banana industry as a whole."

According to Marion Tabard, marketing director for Turbana Corporation, Coral Gables, FL, banana sales are starting to pick up, especially since the high-protein, low-carb diet craze has waned. "There's been a decline in low-carbohydrate diets, and

A close-up photograph of a woven basket filled with several plantains and a few bananas. The plantains are green with some yellowing, and the bananas are yellow with some brown spots. The text is overlaid on the image.

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**"Traditionally, bananas have always received a lot of shelf space in supermarkets but more and more products are being displayed in the produce aisles, which has become more of a challenge for the banana industry as a whole."**

**— Maria Teresa Velasquez  
Banacol**

there's been an overall trend toward healthful eating," she says. "With the economy slowing down, consumers are also looking for better values in their food purchases."

Although banana sales dropped in the past few years, FreshLook's Mackowiak says the numbers started to pick up this year. In 2006, banana sales were \$2 billion. As of September 2007, year-to-date banana sales totaled \$1.2 billion, which is about 2 percent higher than last year's sales at this time.

"The other bright spot for bananas is that specialty varieties like plantains have had sizeable growth," Mackowiak says. "In the past couple of years, sales of plantains have grown from 83 million pounds in 2004, to 134 million pounds in 2006. That's some



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**Bagged bananas are demonstrating regional growth.**

pretty sizeable growth."

### CREATIVE PACKAGING OPTIONS

Retailers have traditionally positioned bananas as an anchor in produce, putting them on ad to draw more consumers into the produce aisles. The problem with this is that banana consumption has been fairly flat for the past years — between 25 and 27 pounds per person, says Larry Kopecky, vice president of marketing at the western division of Pacific Fruit, Orange, CA. While consumption continues to drop, retail prices for bananas are slowly creeping up; higher wholesale banana prices are due to increased costs for labor and fuel worldwide. Since retailers won't be able to generate as many banana sales using price as an incentive, retailers and suppliers must find other ways to make bananas more attractive to consumers, he continues.

On the East Coast, Pacific adds value to bananas by offering them in bags. "Bagged bananas are popular in areas where there's a lot of mom-and-pop shops," Kopecky explains. "Customers can come in and buy a bag of bananas at a set weight of between two and 2½ pounds in small 3- or 4-banana cluster bags. They're perfect for consumers to grab on their way to work."

The bags have perforations that help the fruit sweat in the heat and thus stay cool in the summer. In the winter, the bags help the bananas stay warm. "These bags are really great for the change of seasons," Kopecky notes. "They're also starting to catch on along the West Coast. Costco [Issaquah, WA] is selling bagged bananas and so are Sam's Club [Bentonville, AR] and the 99¢ stores. The bags are good — they protect the fruit so you get better looking bananas in the bag."

Bags decrease banana bruising, he explains, because customers aren't digging through loose banana clusters.

David Bright, marketing research manag-

er, Dole Fresh Fruit Company, Westlake Village, CA, says retailers can reduce bruising of bananas by displaying them on shelves in single layers. "Some retailers have a tendency to put the bananas four or five high," he explains. "The problem with this, though, is that consumers have a tendency to want to dig down to get the clusters of bananas that haven't been touched yet. This causes more bruising and damage to the bananas. If bananas were stocked in single layers, there would be a lot less shrink."

Bright also suggests retailers use some type of foam pad underneath the bananas to better protect them. He believes consumers will appreciate the single layering because it

**"Color is the  
backbone of selling  
bananas. You want  
to have fruit that's  
not too green and  
not too overripe."**

**— Anthony Barbieri  
Acme Markets**

makes it quicker and easier for them to sort through the bananas and choose the clusters they want.

### DISPLAY OPTIONS

According to Anthony Barbieri, produce category manager, Malvern, PA-based Acme Markets, a subsidiary of Eden Prairie, MN-based Supervalu, Inc., the key to creating fast banana turns is to make sure bananas have good color. "Color is the backbone of selling bananas. You want to have fruit that's not too green and not too overripe," he says.



"In climates where there's a lot of seasonality, you have to adjust your ripening cycles. In the winter, you might want to give the bananas more gas, and in the summer, you might want to back off a bit."

Pacific is also making life easier for retailers by offering bananas in 32-pound boxes. "In the past, 40-pound boxes have been the standard," Kopecky notes, "but the lighter boxes make it easier to lift them, creating less of a worker-liability issue."

Pacific produces 1-piece boxes that have become popular with large retailers, such as Costco, because they're easy to stack on top of each other. Since the boxes don't have lids, retailers don't have to worry about popping off a lid every time they want to open a new box.

Pacific is also starting to bag plantains for retailers. "We're packaging the plantains two fingers to a bag," Kopecky explains. "This makes it easier for retailers to sell them and it helps them save labor."

Secondary displays throughout the store can help increase banana sales by as much as 15 to 18 percent, according to Kopecky. "We love to roll the secondary displays around to the cereal department and even to the liquor department where we can cross-merchandise the bananas with limes and mangos. Putting bananas next to the checkout stands, where people do a lot of spontaneous buys, is also a good way to boost banana sales."

Another good way to cross-merchandise bananas is to create banana displays in the ice cream section, says Bil Goldfield, Dole communications manager. "Bananas are such a strong staple item in the produce section already that the best way to boost sales is to tie them in with other areas of the store. We like to do tie-ins in the ice cream section, especially in the summer to encour-

## Banana Companies Focus On Kids

**S**tudies show the largest consumers of bananas are people older than 45 and children under the age of 12. Women and married consumers with children are also most likely to buy bananas on a regular basis, according to Mike Mitchell, director of corporate communications for Chiquita Fresh North America LLC, Cincinnati, OH.

Bananas are one of the most kid-friendly fruits, since they're so easy to peel and convenient to take to school for lunch. That's why banana companies are directing more of their marketing efforts toward children.

Dole Fresh Fruit Company, Westlake Village, CA, has added a new stuffed animal — the Bananimal Banapup — to its collection of toys for kids. In the 1980s, Dole introduced the Dole Pineosaurus and Dole Banapup plush toys for kids, which were a hit with retailers. The Bananimal promotion won the Gold Key award from Premium Marketing Association for the best promotion of the year in 1985, 1986 and 1987.

This October, Dole began its current campaign by releasing more than 100 million Dole banana labels and 4.5 million pineapple labels featuring Bananimals and Pineosaurus. The labels, which should reach more than 90 million households, will feature special offers to buy the new plush toys at Dole's Web site.

The Bananimals, which sell for \$6.99 each, help support the banana industry because they come with stories about the history of bananas and how they are especially healthful for kids all around the world.

"We're hoping to generate a lot of interest and enthusiasm in our Bananimals in stores," says Bil Goldfield, communications coordinator. "This is really a good way for parents to get their kids interested in eating healthfully."

A major portion of the marketing and promotional activities at Turbana Corporation, Coral Gables, FL, revolves around the Disney Garden brand banana program aimed at increasing consumption of fruits and vegetables among children, according to Marion Tabard, marketing director.

"With childhood obesity on the rise, we have a great opportunity to make a real difference in instilling healthful eating habits that will carry kids into their teen years and through adulthood," Tabard says. The Disney Garden brand will feature fun health facts on its packaging and direct consumers to its Web sites, where children can learn about the food pyramid, play games and win prizes. **pb**



age people to buy bananas to make banana splits or sundaes," he explains.

David Lukens, produce manager for West Point Market, Akron, OH, has increased banana sales as well as overall fruit and vegetable sales by repositioning his produce aisle in the middle of the store. Consumers generally pass through the produce section at least twice on a typical shopping trip. Lukens tends to position banana displays on the ends of the produce aisle so they are either the first thing customers see when they enter the produce section or the last thing they see before they leave. "This helps keep the turns going," he says.

Sales of specialty varieties seem to be increasing in supermarkets throughout the country, according to Dionysios Christou, vice president of marketing for Del Monte Fresh Produce, Inc., Coral Gables, FL

"The influence of specialty bananas is

slowly making its way into the traditional American plates and tantalizing the American palate with the desire to try new and exotic recipes," he says. "This is increasing the demand for specialty bananas and is becoming more important for retailers as they continue to look into offering consumers a wide variety of products."

Lukens concurs with Christou, noting he has recently sold a lot of organic bananas as well as baby bananas, apple bananas, red bananas and plantains. "When we're merchandising bananas, we'll put a strip of red bananas up the middle of a section of yellow bananas to emphasize the color. We'll also include information next to the red bananas about the best ways to use them. Most people don't know, for example, that you should bake with red bananas because they're sweeter and moister than other bananas. It seems as if there's just a lot more interest out there in these new varieties." **pb**

ON THE ROAD WITH DAVE DIVER

# Backyard Farms



Dave Diver is former vice president of produce at Hannaford and a regular columnist for PRODUCE BUSINESS.

This new company proves that year-round produce growing can be successful in the most unlikely climates.

About the time Madison, ME-based Backyard Farms co-founder and CEO Paul Sellew was graduating from Cornell University in 1980 with a major in horticulture, Hannaford Bros. Co., the Portland, ME-based supermarket chain where I was employed, was showing rising interest in the pursuit of a locally grown, delicious-tasting tomato that would be available to consumers all year long.

Hannaford explored numerous options including operating its own greenhouse adjacent to a Central Maine Power electrical generating facility and utilizing the waste heat. Fortunately or unfortunately, we had little growing expertise.

There were offers from private groups, mainly investors, that wanted to provide growing facilities with Hannaford, and that would, in effect, assume all the risk. Needless to say, those proposals did not fit the business plan and the search continued fruitlessly.

Now, nearly three decades later, there is more than a glimmer of hope for tomato lovers in New England. Backyard Farms, a local purveyor of fresh, vine-ripened tomatoes, is bringing its Backyard Beauties to local markets throughout New England. Its 25-acre greenhouse is located on 330 acres of land, nearly 200 miles north of Boston in Madison, ME, an area where winter lasts and lasts.

During those intervening years, Dutch growers had taken the lead in developing greenhouse production technology and marketing cluster tomatoes on the vine, selling significant quantities in the United States. It wasn't long before similar programs began in Canada, Mexico and Arizona.

During those same years, Sellew, who had grown up in the family business, Pride Corner Farms, the largest wholesale horticulture business in New England, was pursuing other agribusiness opportunities. Among them was the establishment of Earthgro, Inc., a producer of natural and organic gardening products that is now part of Marysville, OH-based Scotts.

Then, one day in February 2004, Sellew came to the realization that



Backyard Farms tomatoes on sale at Hannaford were grown in state-of-the-art greenhouses.



nearly all grocery-store tomatoes were being grown outside the United States and picked unripe due to long transit times. Having listened to consumers' laments about flavorless tomatoes for years and calling on his lifetime of greenhouse-growing experience, Paul headed for Holland to learn the basics about the large-scale Dutch greenhouse industry.

Contrary to popular belief, he discovered heating a greenhouse during the winter months was not nearly as challenging as growing tomatoes in the hot, humid summer days prevalent in most of the United States. In fact, it's actually much easier to heat a greenhouse than it is to cool it.

Exhaustive investigation deemed the Madison area to be a natural choice for to build his greenhouse. Summer brought a limited number of days with temperatures over 80° F, but more importantly, it brought cool nights. Land was readily available as was a local workforce of hard working Mainers. The area was served by Madison Electric, which provides all the necessary electricity to run the operation. By working with



the Town of Madison and Madison Electric, Sellow was able to turn the business plan into reality.

The detailed concept attracted co-founder and COO Arie Vandergiesen, one of the world's leading greenhouse growers, who has over 30 years of greenhouse agricultural experience. He began his career in Holland and has managed two of the largest greenhouse facilities in North America with up to 120 acres under glass.

The third co-founder, executive vice president Wayne Davis, was formerly chief ethics officer and chief compliance officer for Fidelity Brokerage Company in Boston, MA.

Tim Cuniff, executive vice president sales and marketing, completes the management team. He has over 13 years of produce sales and marketing experience.

### Energy Efficient Technology

The greenhouse where Backyard Beauties are grown is over one million square feet – slightly over 25 acres – and approximately 20 feet tall. This makes the Backyard Farms greenhouse the largest greenhouse in the Northeast and largest structure in the state of Maine. Thanks to efficiency in the use of production inputs, the greenhouse has the capability to produce 52 weeks a year and provides the same productivity that would take traditional farming over 500 acres to achieve. It is also environmentally friendly, a distinct benefit with the increasing public focus on protecting our planet.

Backyard Farms' state-of-the-art greenhouse includes supplemental grow lamps to insure the tomatoes receive the same amounts of light year-round, regardless of outside conditions. This allows the company to produce delicious, high-quality tomatoes consistently,

The energy-efficient technology, which is used throughout the growing process, includes thermal blankets that can cover the entire interior and reduce heat loss as temperatures cool. Imagine 25 acres of glass with such an effective internal cover of blankets that barely a glimmer of light escapes during even the darkest night.

Pure natural rainwater, the best water for tomato growth, is captured from the rain falling on the monstrous roof and diverted by gutters to a sizeable holding pond; heated gutters funnel the rainwater to the tomatoes year-round. A heat-capture system stores thermal energy during the day for nighttime usage when energy demand increases.

Drip irrigation systems provide not only water but also nutrients necessary for growth and disease control. White plastic pipe with perforations too small to be visible from a short distance runs throughout the greenhouse and distributes additional carbon diox-

ide for enhanced growth.

Walking the middle aisle, one finds hundreds – if not thousands – of native bumblebees that gather pollen in exchange for pollinating the tomato flowers. Bumblebees are nature's best pollinators and their use results in good fruit sets, high yields and delicious fruit. Other biological methods, such as beneficial insects that are safe for both humans and plants, are being utilized for pest control.

Controlling production is only a portion of the process of getting the best flavor to the consumer. Shipments are made within 24 hours of harvest. Backyard Beauties are transported to New England purchasers at a stable 55° F for maximum freshness and flavor. Shipping only within New England insures tomatoes have minimum transit time. Following these procedures enables the company to leave the tomatoes on the vine until starches have turned to sugars naturally and the tomatoes are completely red and ripe.

Walking the greenhouse one almost feels swallowed up by the jungle of thousands and thousands of tomato vines. The old vines are being removed to make room for the new plants that will produce for the next seven months. The new crop, which started as 1-foot high propagated plants, is already producing tomato clusters and growing approximately one foot per week. This crop will produce for approximately the balance of this year.

Amazingly, less than 100 workers perform all the tasks required to grow the plants, harvest them and pack the product for shipment. The quality workforce is motivated by a pay scale well above average for the area along with health insurance and other benefits.

Management has addressed the issues of the environment, immigration, food safety and nutritious food with a win-win program. It believes outmoded methods of business are definitely not the wave of the future.

### Startup Challenges

As with any startup, there have been lessons to be learned. Having all 25 acres on the same production schedule led to a production drop at the end of the cycle and limited the ability of supply to meet demand.

Undoubtedly, this production glitch will be corrected as chain buyers seldom tolerate finding themselves without supplies of a product they have promoted to the point of widespread consumer acceptance. A customer lost is difficult to get back.

Perhaps more importantly, store produce clerks lose their display discipline. In the stores I visited, even those that had Backyard Beauties, there were either mixed stem originated product displays or little if any signage highlighting the product.

The challenge for any marketing program is

## CONSUMER ACCEPTANCE

So what does the consumer really think about the product?? While in New England, I had the opportunity to conduct a number of blind taste tests. Although everyone's taste buds are different, Backyard Beauties from Madison, ME-based Backyard Farms and UglyRipe tomatoes from Philadelphia, PA-based Procacci Bros. Sales Corp. were tied but well ahead of all the other tomatoes tested for flavor and texture. One person has since written, "My friends will now spend the extra money for the value of this premium product."

In one instance, a Massachusetts chain was advertising cheaper on-the-vine cluster tomatoes. The tomatoes may have been cheaper in price but that was offset by lower eating quality. Paying the premium still produced value.

pb

to continue the message and momentum after the initial enthusiasm has disappeared. Retailers are disciplined, consumers are disciplined. Production and marketing require activity to meet those disciplines.

Recognizing food retail dollars are approximately equal with foodservice dollars, the latter venue may present a great opportunity for generating consumer interest since more people want to enjoy at home the foods they eat in restaurants.

How successful has Backyard Farms been? No figures are available, but several days after my visit, the company announced it would build an additional greenhouse adjacent to the present facility over the next two years. Two more greenhouses are on the drawing board for the following three years. This space will provide an opportunity to expand into production and marketing of cucumbers, eggplant, peppers and herbs. In the 20th century, the idea of year-round New England grown vegetables was impossible to visualize. Now, it's both obtainable and environmentally friendly.

The implications for the success of this program loom large, as an environmentally changing world copes with land, labor and capital. The big question is where else in the United States are there characteristics approaching those of Maine. An equally big question is where are the Paul Sellowes to make it happen successfully.

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Reader Service #15



# More Than A Holiday Commodity

*The popularity of dried fruits and nuts market is on the rise*

BY MAURCIA DELEAN HOUCK

**D**ried fruit and nut sales are soaring, but industry experts say it's not because of holiday recipes. An emphasis on healthful eating, new fruit varieties, appealing packaging, promotions and retailers building on holiday sales momentum have led to a spike in sales. This is causing an opportunity for further growth and profits such as the "produce industry has not seen in years," insists Andrew Stillman, president of Amport Foods/American Importing Company, Inc., Minneapolis, MN. "Dried fruits are the hottest category of fruit sales right now," he explains. "When produce is fresh, you can't beat it. But when it is off-season, consumers can turn to dried fruits for that great fresh-fruit taste. Dried fruit is 100 percent fresh, 100 percent of the time, giving consumers an option during non-peak seasons.

"Retailers who don't take advantage of this potential are missing the greatest opportunity for sales growth during the winter that the produce department has ever seen. Dried fruit profits can exceed 50 percent," Stillman says, "while fresh fruit profits may yield a mere 2 percent, making dried fruit varieties an opportunity for profit potential that no retailer should dismiss lightly."

With as much as a 300 percent seasonal dried fruit and nut spike during the holidays, the job of the retailer is to build on that buying momentum by promoting their products in a way that reminds consumers about the availability of dried fruit products throughout the winter season.

"Dried fruit products such as figs are a 72 percent impulse buy," explains Linda M. Cain, vice president of marketing for Valley Fig Growers, Fresno, CA. This is due, in part, to higher visibility and increased mar-



**Produce department dried fruit and nut sales are not dependent on holidays.**

keting during the holiday season, she explains. The key to maintaining these high seasonal sales is keeping dried fruits and nuts in the forefront of the consumers' minds — and on their shopping lists.

Stillman suggests spotlighting dried fruits and nuts by keeping them where they are easily spotted. "Let them stand out," he says. "Don't hide them in the back of the produce department or on bottom racks after the holidays. Display them prominently and customers will continue to buy throughout the holiday season and beyond."

When a recent Gallup poll asked consumers why they don't purchase peanuts more often, most responded they "don't think about it," even though the vast majority answered they like to eat them.

"Sales do increase when shoppers are reminded to buy nut products," insists Betsy Owens, executive director for Virginia-Carolinas Peanut Promotions, Nashville, NC.

Holiday recipes, parties and even sporting events put these products in the spot-

light from mid-October to mid-January. "The biggest mistake many retailers make in regards to dried fruit and nuts sales both during and after the holidays, is hiding them in the baking aisle or storing them on low under-counter shelves," Stillman notes.

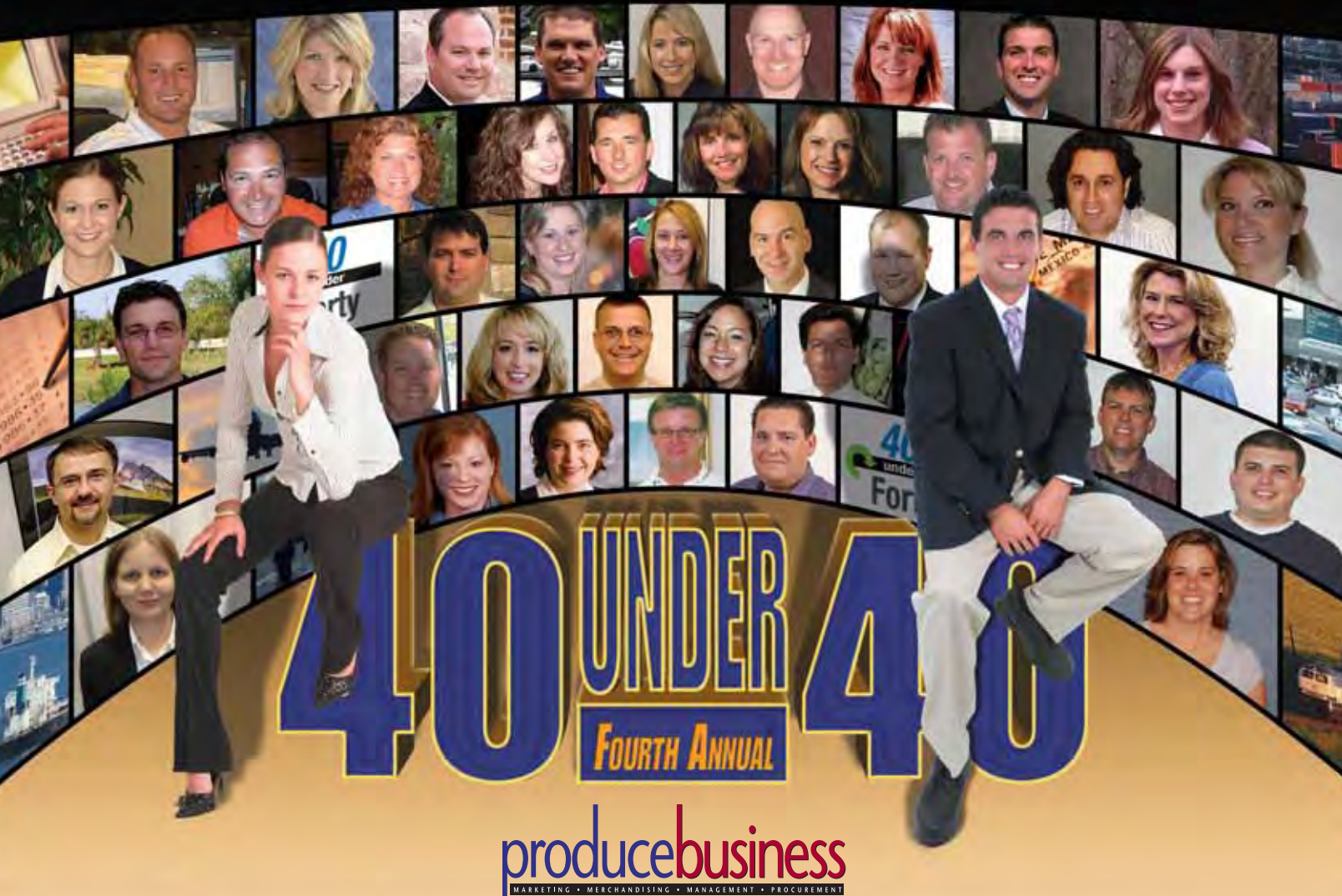
"Use displays that grab attention," Owens suggests. "Keep visuals and graphics large yet simple. Add texture and movement and alternate shapes to draw attention. Grab-and-go displays are very popular right now, but be sure to remove a few bags from certain sections of the display to encourage consumers to grab a package on their own."

Jeff Ngo, senior marketing manager for Diamond Walnut Growers, Pleasanton, CA agrees. "Use canopy displays and new artwork to grab consumer attention. Always look for new ways to remind the consumer that your product is available year-round."

## OUT OF THE BAKING AISLE

Traditionally considered baking items, dried fruits and nuts have experienced





PRODUCE BUSINESS is accepting nominations for its third annual 40 Under Forty Project, which recognizes the produce industry's top young leaders.

Honorees will be selected based on their professional accomplishments, demonstrated leadership and industry/community contributions. To be eligible, nominees must be under the age of 40 as of April 1 (People born after April 1, 1968).

To nominate someone, please fill out this form by April 1, 2008, and fax back to 561-994-1610.

Once nominated, the candidate will receive forms from us to fill out asking for detailed information. A candidate only needs to be nominated one time. Multiple nominations will have no bearing on selection.

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greater sales since retailers moved them to the produce department. Line expansions and new packaging to encourage health-conscious snacking allows retailers to display these items in a manner that introduces them to non-baking consumers.

Dates, for example, were not a popular beyond the baking aisle until recent health reports cited their many health benefits, explains Lorrie Cooper, manager, California Date Administrative Committee, Indio, CA. "Dates are a very good, very healthful snack. They are high in antioxidants, have virtually no fat, sodium or cholesterol, and are a won-

derful substitute for sugar. Unfortunately, not all retailers know about this underappreciated product's benefits and uses. In-store marketing and promotion, such as tasting booths, recipe cards and cross-promotion, can help teach consumers the many benefits of dates and other dried fruits, which will ultimately mean higher market sales."

Like nuts, which enjoy a sharp increase in sales during the holidays followed by an often sharper decline after the Super Bowl, figs and dates are beginning to rely on cross-merchandising promotions to extend their holiday sales season.

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## Healthful Eating

**W**ith more consumers looking for the most healthful eating options available, the health benefits of dried fruits and nuts should be at the forefront of every marketing campaign, industry leaders insist. "Health awareness is taking the driver's seat in buying options," says Andrew Stillman, president, Amport Foods/American Importing Company, Inc., Minneapolis, MN.

"People are trying very hard to eat their 5-A-Day in fruits and vegetables and are turning to dried fruits as a fast, easy and delicious way to snack," he adds. "When retailers use the healthful-eating message to promote their products, they almost always see a sharp increase in sales."

Betsy Owens, executive director, Virginia-Carolinas Peanut Promotions, Nashville, NC, notes nutrition is always a good way to promote peanuts. "We've seen a steady increase in nut sales following claims from the Food and Drug Administration that suggest eating 1.5 ounces of nuts each day may reduce the risk of heart disease," she says.

While the holiday season may be a great time for retailers to jump-start dried fruit and nut sales, most suppliers believe relying solely on October-to-December sales denies the retailer additional profits during subsequent months. "Failing to continue to display and promote dried fruits and nuts after the holidays is a major mistake made by too many produce retailers," Stillman insists.

**pb**

"Here at Diamond, we believe it is important to tie our product in with other complementary brands, especially at the holidays, in order to show consumers different ways to utilize both products," says Vicki Ziegler, public relation manager.

Diamond's Ngo agrees. "When retailers put our displays in other areas of the store, they are able to tie several products together, causing an increase in interest and sales for both."

Virginia-Carolinas' Owens encourages retailers to pull out all the stops when promoting peanuts, including price specials, ads, sampling, contests, intercom alerts, buttons and signs. She even suggests using window and parking-lot messages to remind customers to pick up this very impulse-generated product. "Peanuts have a 40 percent or higher profit margin so we try and stress the importance of customer reminders as a way to stimulate sales."

**pb**



### NEW ROSE FLOWER FOOD

Floralife, Inc., Walterboro, SC, now offers a premium rose cut-flower food with ingredients to keep bouquets and floral arrangements looking fresher longer. The rose food prevents premature bent neck, stimulates water uptake and helps keep the flower petals bright. The very clear vase solution is well suited for glassware use.



Reader Service No. 351

### BLING FOR THE VASES

burton + BURTON, Bogart, GA, introduces Blingers decorative vase add-ons. The interchangeable attachables increase add-on sales and spruce up older inventory. Sold to retailers in sets of 12 or 24, Blingers present as jewelry for floral department vases and containers. They are available in numerous styles of butterflies, flowers and hearts that attach to almost any surface or material using ribbon, magnets or clips.



Reader Service No. 352

## ANNOUNCEMENTS

### SUNSATONAL TROPICALS AT TPIE

Florida Nursery, Growers & Landscape Association, Orlando, FL, invites industry members to register for the Tropical Plant Industry Exhibition, Jan. 17-19, 2008, in Fort Lauderdale, FL. Featuring educational seminars and more than 500 exhibiting companies, TPIE offers wholesale buyers the widest array of resources for foliage and tropical plants in the country.



Reader Service No. 353

### CELEBRATING 50 YEARS

Gallup & Stribling, Carpinteria, CA, is celebrating its 50th anniversary in business. The orchid grower, shipper, hybridizer and importer officially started in the orchid business in 1957. Today, with more than 1.5 million square feet of greenhouse space on 48 acres, the company operates a state-of-the-art breeding, growing and distribution facility.



Reader Service No. 354

### WF&FSA TO MEET IN TAMPA

The Wholesale Florists & Florist Supplier Association, Annapolis, MD, announces the 2008 WF&FSA Annual Convention & Floral Expo will be held in Tampa, FL, March 5-7, 2008, at the Tampa Convention Center. Designed for wholesale floral distributors and their suppliers, the event features educational programs and more than 500 exhibiting companies.



Reader Service No. 355

### SAF REPORT PUBLISHED

The Society of American Florists, Alexandria, VA, has published an updated and expanded fourth edition of its seminal report, *The Changing Floriculture Industry Report – A Statistical Overview*. This new version tracks industry sales, production levels and trends for each industry segment. The report focuses on floriculture production, wholesaling, importing and retailing.



Reader Service No. 356

### BRITIGAN HONORED

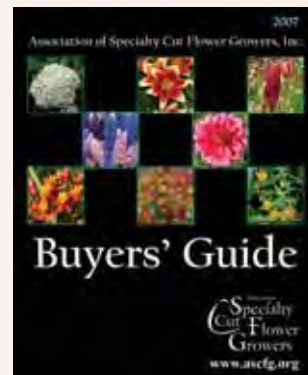
The Produce Marketing Association, Newark, DE, named Marcy Britigan the 2007 Floral Marketer of the Year during the PMA Fresh Summit in Houston, TX. Britigan is president of MEI, LaGrange Park, IL. The award recognizes an outstanding floral professional who has served the mass-market floral industry with dedication and distinction.



Reader Service No. 357

### BUYER'S GUIDE AVAILABLE

The Association of Specialty Cut Flower Growers, Inc., Oberlin, OH, released its 2007 *Buyer's Guide*. The publication features cut-flower growers from the U.S. and Canada that supply to retail and wholesale buyers, event planners and floral designers. The guide includes growers shipping flowers nationally as well as those servicing regional and local markets.



Reader Service No. 358

Floral Watch is a regular feature of PRODUCE BUSINESS. Please send information on new products, personnel changes, industry, corporate and personal milestones and available literature, along with a color photo, slide or transparency to: Managing Editor, PRODUCE BUSINESS, P.O. Box 810425, Boca Raton, FL 33481-0425, or e-mail us at [ProduceBusiness@phoenixmedianet.com](mailto:ProduceBusiness@phoenixmedianet.com)

# Bulbs For Many Seasons, Many Reasons

*Capture consumers' attention with bright display innovations.*

BY BOB JOHNSON

**T**he potential market for flowering bulbs is growing as variety and availability for these products expand. Bulb kits that come with everything but water, light and love are becoming the predominant way retailers are selling seasonal bulbs. There is also strong profit potential in the area of eye-catching potted flowering bulbs.

Retail markups of 50 percent are not uncommon in this category, where turnover can be quick. However, the decision to buy bulbs, bulb kits or flowering bulbs in the pot is almost always an impulse decision made in the store.

"Almost all of our sales are impulse purchases," says Peter Zonneveld, senior key account sales representative for K. Van Bourgondien & Sons, Inc., Virginia Beach, VA. "Very few customers drive out to the store to buy a bulb kit. It is not on the shopping list."

Keeping the impulse factor in mind, it's critical that bulb displays grab the attention of potential consumers. "High traffic positioning is the key," Zonneveld suggests.

Many suppliers go the extra mile by providing displays that will catch the eye but take up a minimum of space. "The shipper displays we offer to the supermarkets take up minimal space in the store, take minimal time to set up and are essentially ready to sell out of the box upon delivery," explains Peter Langeveld Sr., president of Netherland Bulb Company, an Easton, PA-based wholesale supplier of premium Dutch bulbs and barefoot perennials.

The color in the display can be even more spectacular when the product line includes flowering bulbs in a pot. "Color blocking is an important part of display," according to Brian Gatke, sales manager for

Garden City Growers, Inc., headquartered in Niagara-on-the-Lake, ON, Canada. "Mass display of the same item helps. For example, a Valentine's Day display of a large number of all pink tulips together is effective."

A powerful bulb display can literally sell itself, experts say. Bulb gardens or a mixture of flower types are other items Gatke says are becoming more popular.

Meiring Greenhouse and Farms, Carleton, MI, sells both cut flowers and flowering bulbs in pots. For its cut flower business, Meiring grows 50 to 100 bulbs in a box. Three retailers each purchased one of these boxes to use as end-cap displays to highlight their bulb offerings. The retailers put a price tag on these beautiful displays of up to 100 flowering tulips, and they sold.

"The purples are really popular, especially the dark purples," says Colleen Meiring, Meiring marketing director. "Bulbs grown in vases with just water so you can see the roots have also been popular for a while."



**Flowering bulbs in pots are a popular impulse buy among consumers looking to bring some spring color indoors during the long months of winter.**

Meiring sells already flowering bulbs such as tulips and daffodils in a pot. "Tulips with fancy leaves are also popular," Meiring notes. She cautions that the tulip varieties with fancier leaves are more finicky than more traditional varieties and so can be

Photo courtesy of Netherland Bulb Company



# Season Extending Beyond Holidays

**M**ost supermarket bulb sales are oriented toward holidays, but what constitutes a floral-giving holiday is flexible and there is increasing potential for bulb sales for non-holiday occasions.

"It used to be that once Easter was over, bulb sales were pretty much done," notes Brian Gatke, sales manager for Garden City Growers, Inc., Niagara-on-the-Lake, ON, Canada. "There has been a continuing demand for tulips, and even hyacinths, after Easter."

Bulbs continue to be in demand up to Mothers' Day, according to Gatke. Garden City tries to plan its supply to be ready to meet this later demand, and he advises retailers to do the same.

In the past, the lion's share of spring-time flowering bulb sales were for planting outdoors, but it's possible to cultivate at least a modest market for springtime bulb kits for growing indoors.

"There are some new items in the pipeline," says Peter Zonneveld, senior key account sales representative for K. Van Bourgondien & Sons, Inc., Virginia Beach, VA. "Traditionally, the indoor kits have

been strong in the fall. There are some new items for indoor kits in the spring."

The calendar can also have a powerful influence on the market for bulb products. "Easter will be in March this year, not April, so there will be a drop in bulb sales [later in the season]."

Most of the non-holiday demand for bulbs is being driven by other special events such as birthdays or the arrival of a new baby. "For under 10 bucks, you can pick up a card and a gift that is different," says Robert Piller, vice president of Gifts That Bloom, Georgetown, TX.

In the long run, the potential for bulb sales can be seen by looking toward Europe, where flowers are commonly considered a part of daily life rather than a special-occasion purchase.

"There's a little European influence coming through with the wooden box with the soil, and the top of the bulb showing," explains Colleen Meiring, marketing director for Meiring Greenhouse and Farms, Carleton, MI. This gives the product a natural look because the bulb can be seen while the flowers are growing and blooming.

**pb**



Photo courtesy of Nurserymen's Exchange, Inc.

**Bulb kits are often given as gifts — they're easy to grow and provide great color when flowering.**

consumers who have little in the way of knowledge or who put little effort into making them grow. "It should be something that is absolutely foolproof, that will grow no matter what the customer does," advises Van Bourgondien's Zonneveld. Amaryllis and paper whites are among the varieties he suggests for the kits.

**"It should be something that is absolutely foolproof, that will grow no matter what the customer does."**

**— Peter Zonneveld  
K. Van Bourgondien  
& Sons, Inc.**



Photo courtesy of Netherland Bulb Company

**Retailers can increase sales by offering some bulbs that are already beginning to bloom.**

more difficult for customers to grow indoors.

## GREEN THUMB NOT NECESSARY

The bulb kits are not usually purchased by the green thumbs among us. And they are frequently not even grown by the consumers who buy them because bulb kits are often given as gifts.

"Bulb kits are an easy way to introduce bulb gardening to new bulb consumers," says Louis Strutner, a company representative for Nurserymen's Exchange, Inc., Half Moon Bay, CA. "Many people are afraid of purchasing bulbs because they are unsure how to plant them. Bulb kits give them the confidence that everything they need is all in one package."

Nurserymen's ships under the BloomRite label, and most of its bulbs are shipped in kits. "On our smaller items or items that need some explaining, we use merchandising display boxes with backboards," she says.

It is important the products work for

Netherland Bulb's Langeveld agrees. "Amaryllis and Narcissus paper whites — both these tropical indoor forcing bulbs are certainly at the top of the list. They are easy to force and require no special treatment other than planting, watering and placing in a warm bright location indoors. Amaryllis comes in many colors and produces spectacular blooms in five to eight weeks from planting. Paper whites, especially Ziva, will bloom within three to five weeks."

**pb**

# Supporting The Foundation



By Cindy Seel, CAE, Executive Director, PMA Education Foundation

**T**here's certainly consensus on the primary challenge facing the produce industry today: food safety.

Food safety is what keeps industry leaders up at night, and the discussions I've had with industry executives across the supply chain over the past year have more than confirmed it. It's the most pressing issue on everyone's mind. What isn't commonly recognized, however, is that solutions to food safety and other industry challenges all hinge on one thing: an educated, well-trained, dedicated staff.

Think for a moment about your own business. The safety of your products is an overriding concern, and that safety relies on your people doing their jobs properly. Further, the cost of doing business is increasing almost exponentially, and your people will be the ones who find more efficient and cost-effective ways of doing business. And it's your people who will be involved in developing and executing plans for increasing consumption of your products.

It's often said that produce is a dynamic and ever-changing industry, built by people with a passion for its products and the benefits those products offer. However, until now there's never been an organized, nationwide effort to convey that excitement to people outside the industry. Our plans for the Foundation's work will allow us to convey that passion as we strive to recruit the best and brightest people and help to ensure the future of the industry.

Over the past few months, I've talked about the vision its leaders have for PMAEF and shared key elements of our business plan. Now, we're in a critical development phase that will make the Foundation's plans reality. For the past few months, we've asked industry companies and individuals to partner with us to help fund PMAEF's initiatives. The response has been gratifying and exciting.

As people are key to industry challenges, so also are they key to finding and implementing solutions. If you were at Fresh Summit last month, you may have seen acknowledgment of the visionary people and companies who have made significant financial commitments to support Foundation programs. Every one of them sees tremendous value in making this commitment, and every one of them would encourage others to join them.

"There are a lot of things about our business we can't control," said Dan'l Mackey Almy of DMA Solutions, Inc., "from Mother Nature to the economy and so many others. We can have a significant impact on our human resources though. The Foundation is a positive effort and its purpose is so actionable. My contribution was an easy decision and I believe collectively we can make a positive impact on the industry's future."

Jay Pack has supported the industry for several years

through the Pack Family/PMA Career Pathways Fund. He is continuing his support of the Foundation because, "I believe in investing in the future of this industry by attracting bright, young minds who will be our next leaders. The Education Foundation is a natural extension of the student program we initiated several years ago and there is still so much more we can and need to do."

Regarding his decision to support the Foundation, David Gill, Gills Onions, says, "Our company believes the health and future of the industry is in the hands of the people who work in it, and to the extent we can attract new and talented people, we think it's worth the investment. We are committed to the industry and what we expect the Foundation will do is a bit of a leap of faith that we are willing to take — that something positive will happen and new people will be attracted to the industry."

Margaret D'Arrigo-Martin, D'Arrigo Brothers Co. of California, has been in the industry all her life. "We need to get the word out that produce is fun, interesting, dynamic, fascinating," she told us recently. "We need to attract the best people, and Foundation programs like the partnerships being established with universities will make more inroads than any of us could alone. Be part of what's happening — join us!"

Everyone involved with the Foundation to date will tell you that there is great satisfaction in being part of a centralized effort to make the vision of a thriving, growing produce industry a reality. It's not too late to add your voice — there are a variety of levels and ways you can contribute. To find out more, contact me at [cseel@pmaef.org](mailto:cseel@pmaef.org). If you'd like an industry perspective on why you should contribute, contact these Foundation leaders:

Steve Barnard, PMAEF chair  
Mission Produce  
805-981-3650  
[sbarnard@missionpro.com](mailto:sbarnard@missionpro.com)

Bill Schuler, PMAEF vice chair  
Castellini Company  
859-442-4650  
[bschuler@castellinicompany.com](mailto:bschuler@castellinicompany.com)

Perhaps Don Harris, recently with Wild Oats Markets, Inc., summed it up best when he said, "If you believe in the industry and you believe in the success of your own business, you have to back the Foundation's efforts."

**Solutions to food safety and other industry challenges all hinge on one thing: an educated, well-trained, dedicated staff.**





# Global Marketing

**T**his year's PMA Fresh Summit opened on the day we originally celebrated as the anniversary of Christopher Columbus disproving conventional wisdom that the world was flat.

Now, after more than five centuries believing the world is round, we are told that from a business standpoint, the world is flat again. (The flat world became a touchstone when Thomas Friedman published *The World Is Flat* in 2005.) Too often in the past, the rest of the world was only a distant thought.

The rest of the world did not sit still while we ignored it. As technological developments refocused many business plans, some retail organizations were forced to consider the entire globe to fulfill their product needs. Trade in a world of economic hegemony was becoming the steppingstone for creating wealth.

In the early 1990s, I spoke with a former associate then working for a supermarket chain owned by an English corporation. He had spent a year with the parent company and noted it was natural for the firm to think of the entire world as a source for fresh fruit and vegetables. If one area suffered a climactic catastrophe, it had a roster of secondary sources.

The seeds of change here were sown in the early 1960s, when Frieda Caplan first imported Chinese gooseberries, renamed them kiwi and exponentially expanded product variety. The produce business climate has been exposed to great change since then. People from all over the world flooded into our nation. Consumers showed an interest in purchasing formerly seasonal produce items of good quality imported into this country in the off season — even when prices were substantially higher than they were accustomed to. What was once seasonal approached year-round availability.

As U.S. grower/shippers established relationships with international counterparts, they employed year-round sales staffs to be in constant contact with retailers. Today, the range of year-round or nearly year-round availability has soared to the point where many consumers take it for granted.

Of course, there are still traditional programs in which foreign shippers sell directly to the U.S. market. Regardless of the contractual relationship, other forces affect sales and profitability. Constantly changing currency-exchange levels have caused major distortions in historical marketing programs.

Canadian growers, who a decade ago converted one American dollar into \$1.25 Canadian, now get one Canadian dollar for one U.S. dollar — and it could get worse. The competitive balance has been distorted. Still, purchasing non-perishable U.S. goods has allowed Canadians to buy Canadian-grown agricultural items, and U.S. growers are finding improved markets for their production.

A similar situation exists for European-grown produce, with the U.S. dollar hitting almost daily record lows against the Euro. The competitive pricing for greenhouse-grown product has become a distinct disadvantage with Dutch growers reporting substantially lower U.S. sales volumes. Europe has absorbed the 10 percent of product formerly sent here.

Income growth in emerging-market countries is beginning to pose both supply and demand influences on product availability for U.S. consumers. Tom Reardon, a professor at Michigan State University, calculates developing countries in Asia, Latin America and Central/Eastern Europe have food markets growing five to seven times faster than those in the United States, Japan and Western Europe. These emerging-market countries have a middle class of

nearly a billion people. Modern retail super-market formats have grown to account for more than 50 percent of food purchases.

Continued retail expansion requires volume, cost efficiency and quality from suppliers. This contrasts with the former traditional supply chain that provided low quality, high waste, inconsistent volumes, high transition costs and low public-system support for farmers including poor roads, credit, extension and the cold chain.

As a result, supermarkets in these countries are selling greater percentages of imports and thus intensifying competition. To compete, they require low cost plus quality or a specific value characteristic. Private standards for quality

and safety have become the norm when sourcing directly or from dedicated wholesalers.

It is crucial for U.S. retailers to project the consequences of these trends. The billion-plus people currently making up the emerging-market middle class have a purchasing potential three to four times as great as the entire U.S. population. With more than a billion consumers spending half of their income on food, particularly fresh produce, India is a seller's paradise. That is real competition for alternative sources to overcome climatic disruptions.

International contacts are providing opportunities to further develop solutions to problems in the areas of food safety, traceability and social responsibility as well as operational methods, packaging, identification labeling and logistical improvements.

Globalization presents evolving opportunities to satisfy consumers' growing interest in fresh fruit and vegetables. As discretionary income levels increase and life expectancy grows, consumers' attention to price declines and the value created from expanded variety and year-round availability provides retailers with opportunities far outweighing the challenges brought about by fluctuations of global supply and demand trends.

**pb**

**The range of year-round or nearly year-round availability has soared to the point where many consumers take it for granted.**



# Q&A With Mark Newton

**Q: Could you describe the scope of Florette's business? What is its relationship to the Agrial Group and SOLECO?**

A: SOLECO is the company. Florette is the brand. SOLECO is one of Europe's largest prepared salad and vegetable producers, specializing in mixed bags. It is a subsidiary of the Agrial Group of diverse farming interests and has various divisions involved in cereal, poultry, cattle and other agricultural businesses across Europe. Florette began as a cooperative of farmers and growers in the Contentin region of northwest France.

**Q: We hear Europeans and especially Brits are concerned with "food miles." Do you try to avoid product grown in the United States, Africa, etc. to keep food miles down? And if so, do you promote this strategy in some way?**

A: Food miles are an issue here, more with the media and politicians than with Joe Public. We are always mindful that bringing produce in on an airplane is not the friendliest thing, but certain times of the year we have to fly in produce long distances to maintain consistent supply. We don't advertise this one way or the other, whether it's local, literally on your doorstep, or flown in.

There is a move by some retailers to alert consumers to this issue. I've heard talk of labeling packages with airmail stickers when product is flown in from the States. I don't see the advantage. The retailer would be emphasizing a negative. There has been a lot of work to play up the "Britishness" of products. Regional marketing, in Scotland for example, is very hot at the moment.

**Q: What percentage of the prepared salad market does Florette hold in the United Kingdom and other European markets?**

A: Florette is the United Kingdom's and Europe's leading brand of prepared salads and vegetables. The United Kingdom's prepared salad market is valued at £435 million with Florette's share estimated at more than 7.5 percent. In France we hold a 20 percent market share and in Spain a 32 percent share. Those are our biggest markets. We also do private label products, which wouldn't be included in those market share numbers. In the United Kingdom, private label product accounts for roughly 20 percent of our business. I'm not sure how that breaks down in our other markets.

**Q: Are your food safety standards and procedures consistent across markets?**

A: We have one set of criteria we work with across Europe. In Europe certain standards and regulations are in place, and there are occasionally variations in laws and legislation applied. We pick the most stringent laws and apply that benchmark. We have one set of standards covering all stages of growing and production. It makes it easier, while we are aware that in certain markets we are over-egging the pudding.

**Q: Could you give some examples?**

A: Use of pesticides would be a good one. There's a basic list, where X number are allowed for use in various European markets. Our list is much shorter than that. We are also very strict on specifi-

cation requirements for raw materials.

**Q: So you have your own food safety protocols. Do you also require any standard protocols?**

A: Yes, in addition to our own specifications, all our suppliers must follow GlobalGAP protocols as a minimum.

**Q: Do your retail customers demand different standards? How do the government regulations compare?**

A: Tesco, Waitrose and Marks & Spencer all have their own system of standards with slight nuances, but their food safety principles are pretty much the same. These retailers take legislation as a base and add on to it. If legislation requires X, Tesco specifications require packers do X-plus, going that extra yard. A lot of retailers work with us to build up their store brands. Over 50 percent of Tesco product is Tesco brand. However, our product in Tesco is uniquely Florette brand.

**Q: What is your opinion of marketing food safety attributes of products and brands?**

A: I think people are skating on fairly thin ice marketing product as safer. You can indicate specs and protocols are as good as they can be and build up your reputation for quality. You can market that you take the best raw materials, throwing away the worst bits and don't compromise in giving the consumer the finest product. To start selling or marketing your product as safer than someone else's does a disservice to the industry. To the consumer it sounds like there is real danger, and rather than picking and choosing which product may be safer, they may choose not to eat any produce.

**Q: Since higher food safety standards come at a cost, pricing of products is impacted. Where is the incentive for growers to boost food safety standards above the absolute minimum?**

A: This may sound a bit arrogant, but we don't go chasing business at any price. If we're in discussion with a retailer or foodservice provider and the price goes too low, it rings certain bells for us. With higher-risk products like ours, certain standards have to be met at any price.

Whilst in the industry, I don't talk about pricing strategy with my competitors. If I start seeing prices in the marketplace unrealistically low, I would have strong discussions to ascertain why people are cutting corners. Yes, you can engineer out cost and be a smarter operator, but there are certain minimum standards that have to be achieved. And if they are not, there is danger for everyone.

When Florette did a recall [in January 2007], we informed the industry because it wasn't just a Florette issue. Packers often buy from the same farms. We are trying to raise the bar in terms of the whole industry, and get rid of rogue traders that lower standards of food safety. If someone has a problem with a bag of salad, the whole industry has a problem. It doesn't matter who makes it in consumers' minds. Food safety shouldn't be a competitive issue.

*Excerpted from the PERISHABLE PUNDIT — February 2, 2007*

*Interview By Mira Scott*





# Produce Packaging Gets A Facelift

**T**he familiar corrugated box that has transported produce efficiently from field to the store for decades is undergoing a makeover. While change that affects a long-time circumstance often can run into stubborn resistance, this one is earning cheers from retailers.

Wax in the box is the target of this change. It's the element that has served as effective barrier protection against the bruising and damage of perishables as they travel long distances for ultimate consumer satisfaction.

The new way to go is "wax-alternative," meaning boxes treated to withstand the onslaught of water and water vapor, provide the same strong barrier protection as wax and, most importantly, deliver the reward of recyclability. This long-sought solution is the result of a voluntary standard for the repulping and recycling of treated fiberboard, developed by the corrugated industry's two main trade associations: Fibre Box Association and the American Forest and Paper Association.

Wax-alternative packaging offers retailers three significant rewards: enjoying more revenue from recovery and recycling a greater volume of old corrugated containers (OCC); eliminating costly landfill disposal of waxed boxes; and contributing to waste reduction goals — leading to positive sustainability practices. For the supermarket industry, which works on a net income of pennies on the dollar, finding new revenue streams while eliminating costs is a formula that merits very close attention.

Retailer decisions to use wax-free boxes accelerated this year; environmental and sustainability issues are being embraced as a focus of public policy discussions — from global warming concerns to plastic shopping-bag bans. This revived supermarket industry interest is evident in the Food Marketing Institute's (FMI) making environmental and sustainability issues more visible. At FMI's 2008 Mid-winter Executive Conference in January, the headliner for the opening business session will be Indra Nooyi, chairman and CEO of PepsiCo, Inc., who will speak about *Sustainability — Performance With Purpose*. Conference participants will include industry CEOs and senior managers.

Direct action by major retailers, particularly when their initiatives can affect the bottom line, adding income and reducing operating costs, resulted in a big push in the last two years for the revival of dormant supermarket environmental issues. Here are three examples:

1. Wal-Mart unveiled its "scorecard packaging metrics," related to a range of issues from product/package ratio and recycled content to recovery value and transportation/cube utilization.

2. Publix recently announced its "preference" for wax-alternatives and told produce suppliers it expected "to see a transition start this year."

3. Kroger required its deli-chicken suppliers to replace waxed shipping boxes with wax-free containers, which spurred all deli-chicken providers to consider specifying wax-alternative packaging.

Corrugated manufacturers who have been testing a variety of wax-free solutions during the past decade triggered the move away from wax. This ultimately led to unified industry action in the development of the voluntary standard for repulping and recycling.

A highly innovative design that meets the standard is the ClimaProof box, created by Weyerhaeuser. It's the replacement for the wax-saturated box, which retailers say is a challenging environmental disposal problem — with a landfill as the box's last resting place. Encapsulating the entire carton in a thin plastic film protects the integrity of the ClimaProof box. This prevents water from degrading the corrugated material. At the end of its use, the box is baled with other OCC for complete recycling and cash value.

Growers also are finding reasons to cheer about wax-alternative packaging solutions.

Tom Deardorff II, president of Deardorff Family Farms, cites the introduction of a recyclable celery container as another step in the company's efforts "to reach true sustainability."

"The celery industry is overly dependent on petroleum-based wax-saturated boxes that cannot be recycled," Deardorff says. "Our customers will also receive a financial benefit from recyclability because they will be able to sell the boxes rather than paying to dispose of them."

For the corrugated industry, recyclability is only one part of how it defines corrugated as "a sustainable packaging choice." Renewable and reusable also are significant factors. With a 76 percent recycling rate of all corrugated containers produced by the industry, the familiar brown box now will have a new dimension in wax-alternatives, benefiting retailers with more recycling dollars, the avoidance of wax disposal costs and better box performance in the logistics delivery chain.

It's a win for everybody — the retailers, the growers and the box manufacturers.

**pb**

**Retailer decisions to use wax-free boxes accelerated this year; environmental and sustainability issues are being embraced as a focus of public policy discussions.**

Oscar Katov is a marketing communications consultant, serving the packaging and supermarket industries. He can be contacted at [okpromo@aol.com](mailto:okpromo@aol.com) or 205.481.3496.

# Blast from the Past

The Edinburg Citrus Association (ECA), Edinburg, TX, was founded in 1932 in the Rio Grande Valley. The citrus cooperative has operated continuously since then. The large logo to the right dates back to the 1930s; the smaller logo dates to the 2004-05 season.

The roots of many of ECA's growers go back to the 1920s when early land excursions brought families to this lush, fertile growing area to settle and become involved in a fledgling citrus industry. Over its 75-year history that began during the Great Depression, ECA has survived many devastating freezes, hurricanes and floods.

ECA's growers, some of them third and fourth generation, continue their commitment to pack Texas red grapefruit and Texas oranges sold under historic brands such as Tropic Moon. ECA is steeped in history but focused on the future.

The *Blast from the Past* is a regular feature of *PRODUCE BUSINESS*. We welcome submissions of your old photos, labels or advertisements along with suggested captions. Please send materials to: Editor, *PRODUCE BUSINESS*, P.O. Box 810425, Boca Raton, FL 33481-0425, or e-mail [ProduceBusiness@PhoenixMediaNet.com](mailto:ProduceBusiness@PhoenixMediaNet.com)



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COMPANY	PAGE #	RS#	PHONE	FAX
A & L Potato Company, Inc.	50	79	800-365-5784	218-773-1850
Agrexco USA, Ltd.	84	75	718-481-8700	718-481-8710
Albert's Organics	85	17	800-899-5944	610-388-8418
Alpine Fresh	48	27	305-594-9117	305-594-8506
American Ripener, LLC	80	67	800-338-2836	704-527-6705
Associated Potato Growers, Inc.	45	80	800-437-4685	701-746-5767
Ayco Farms, Inc.	48	22	954-788-6800	954-788-5600
Ayco Farms, Inc.	32	81	954-788-6800	954-788-5600
Wayne E. Bailey Produce Co.	42	57	800-845-6149	910-654-4734
Bland Farms	35	91	800-VIDALIA	912-654-3532
Blue Book Services	67	1	630-668-3500	630-668-0303
Canon Potato Company, Inc.	42	51	719-754-3445	719-754-2227
Capital City Fruit Co., Inc.	44	35	515-981-5111	515-981-4564
CarbAmericas	48	23	954-786-0000	954-786-96785
Central American Produce, Inc.	48	52	954-943-2303	954-943-2067
Chelan Fresh Marketing	100	5	509-682-3854	509-682-5766
Chestnut Hill Farms	48	25	305-592-6969	305-436-8969
Chilean Avocado Importers Association	19	16	202-626-0560	
Christopher Ranch	84	33	408-847-1100	408-847-0581
Columbia Marketing International	53	12	509-663-1955	509-663-2231
Cryovac Division (W.R. Grace & Co.- Conn.)	68	73	800-845-3456	
Cryovac Division (W.R. Grace & Co.- Conn.)	69		800-845-3456	
Crystal Valley Foods	48	56	800-359-5631	305-592-9803
Curry & Company	39	50	800-929-1073	503-393-6085
Customized Brokers	48	60	305-471-8989	305-471-8988
Dole Fresh Fruit Company	2	4	818-879-6600	818-879-6628
dProduce Man Software	66	41	888-PRODMAN	650-712-9973
Earthbound Farm	84	39	888-624-1004	831-623-7886
East Coast Brokers & Packers, Inc.	99	8	800-557-7751	813-869-9850
Fresh Partners AB	80	37	46-8-742-1215	46-8-742-6201
Fresh Produce Association of The Americas	64	11	520-287-2707	520-287-2948
Fresh Quest	31	31	954-946-9554	954-946-8760
Fruit Logistica	62	64	540-372-3777	540-372-1414
Fruition	100	5	509-682-3854	509-682-5766
G&D Wallace, Inc.	87	72	360-757-0981	360-757-SPUD
Garber Farms	46	68	337-824-6328	337-824-2676
Global Organic Specialty Source, Inc.	87	15	877-952-1198	941-358-6551
Harvest Sensations	48	55	305-591-8173	305-591-8175
Herb Thyme Farms	85	70	831-476-9733	831-476-3710
I Love Produce, LLC	86	66	610-869-4664	610-869-2711
Idaho Potato Commission	41	26	208-334-2350	208-334-2274
J & J Produce	60	76	561-422-9777	561-422-9778
Jacobs, Malcolm & Burt, Inc.	48	28	415-285-0400	415-824-4844
JBJ Distributing, Inc.	86	30	714-992-4920	714-992-0433
Kern Ridge Growers, LLC	84	34	661-854-3156	661-854-2832
Keystone Fruit Marketing, Inc.	49	53	772-316-0364	772-316-0366

COMPANY	PAGE #	RS#	PHONE	FAX
Lakeside Organic Gardens	85	82	831-761-8797	831-728-1104
LGS Specialty Sales, Ltd.	29	78	800-796-2349	718-542-2354
Maine Potato Board	46	13	207-769-5061	207-764-4148
Malin Potato Co-Op, Inc.	85	71	541-798-5665	541-798-5530
Mann Packing Company, Inc.	9	10	800-884-6266	831-422-5171
Mediterranean Pleasures	23	77	800-491-VITA	856-467-2638
Melissa's/World Variety Produce, Inc.	86	69	800-468-7111	323-588-7841
Misionero Vegetables	84	18	800-EAT-SALAD	831-424-0740
Mission Produce, Inc.	49	49	888-549-3421	805-981-3660
MIXTEC Group	32	47	626-440-7077	626-440-1557
National Mango Board	59	3	877-MANGOS-1	407-897-2262
New Harvest Organics, LLC	86	2	520-281-0231	520-281-0237
Nokota Packers, Inc.	47	83	701-847-2200	701-847-2109
North Bay Produce	49	59	231-946-1941	231-946-1902
Northern Plains Potato Growers Assn.	43	84	218-773-3633	218-773-6227
P.E.I. Potato Board	44	20	902-892-6551	902-566-4914
Pacific Fruit Inc.	77	42	718-816-9330	718-556-8457
Pacific Organic Produce	87	92	415-673-5555	415-673-5585
Paganini Foods	23	77	800-491-VITA	856-467-2638
The Perishable Specialist, Inc.	49	48	305-477-9906	305-477-9975
Peruvian Asparagus Importers Association	49	85	610-284-0326	
Pismo-Oceano Vegetable Exchange	50	86	805-489-5770	805-489-7058
PMA/Produce Business/Cornell University	17		561-994-1118	561-994-1118
Produce for Better Health Foundation	61	36	302-235-2329	302-235-5555
The Produce Marketing Association	33	61	302-738-7100	302-731-2409
The Produce Marketing Association	57	62	302-738-7100	302-731-2409
Progressive Marketing Group	49	54	323-890-8100	323-890-8113
Rosemont Farms Corporation	49	58	877-877-8017	561-999-0241
Sage Fruit	55	14	509-248-5828	509-457-2113
O. C. Schulz & Sons, Inc.	46	63	701-657-2152	701-657-2425
O. C. Schulz & Sons, Inc.	66	87	701-657-2152	701-657-2425
Shuman Produce, Inc.	37	40	912-557-4477	912-557-4478
Southern Specialties	49	21	954-784-6500	954-784-5800
Sun World International	21	65	760-398-9430	760-398-9613
Sunlight Int'l. Sales	25	45	661-792-6360	661-792-6529
Sweet Onion Trading Company	36	88	800-699-3727	321-674-2003
Tanimura & Antle, Inc.	5	19	800-772-4542	831-455-3915
Team Produce International, Inc.	49	24	800-505-0665	305-513-9596
Thermal Technologies, Incorporated	79	9	888-4-MRPEEL	610-353-8663
Tri-Campbell Farms	44	89	800-222-SPUD	701-352-2008
Turbana Banana Corp	78	6	800-TURBANA	305-443-8908
Uncle Matt's Organic	87	32	866-626-4613	352-394-1003
United Fresh Fruit and Vegetable Association	63	7	202-303-3400	202-303-3433
Virginia-Carolina Peanut Promotions	90	29	252-459-9977	252-459-7396
Weyerhaeuser Paper Co.	27	46	800-TOP-BOXES	



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